

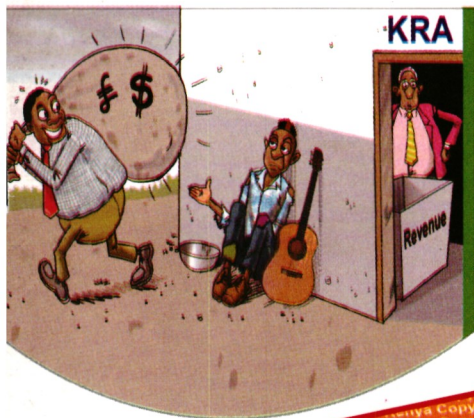


FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

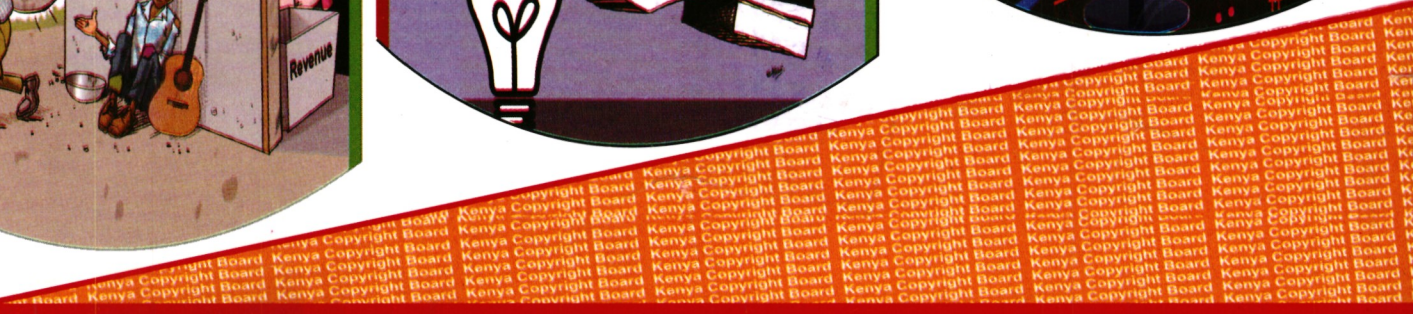
Kenya Copyright Board

Copyright Enables us to Tell Our Story to the World

Piracy Denies the Government Revenue



Copyright Piracy Kills Creativity





KENYA COPYRIGHT BOARD

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS

N.H.I.F BUILDING 5TH FLOOR, RAGATI ROAD

P.O.BOX 34670-00100

NAIROBI.

AUDITOR

THE AUDITOR- GENERAL

KENYA NATIONAL AUDIT OFFICE

P.O.BOX 30084-00100

NAIROBI.

BANK

KENYA COMMERCIAL BANK

A/C NO. 1104002450

KIPANDE HOUSE.

Kenya Copyright Board was established under the Copyright Act, 2001, Section 3 (1) as a body corporate. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

Our Vision

To be a world class agency for the administration of Copyright and related rights

Our Mission

To protect and promote Copyright in Kenya for socio-economic and cultural development

Our Corporate Values

Professional integrity and ethical standards

Commitment

Accountability and transparency

Efficiency

Respect for diversity.

Principle Activities

The principle activities of the Kenya Copyright Board are;

Registration of Copyright and related rights

Licensing and supervision of collective management organizations

Establishment and maintenance of a Copyright data base

Training of rights holders

Creation of awareness and publicity on Copyright and related rights

Enforcement of Copyright Laws

Constant review of the Copyright Laws.

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REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
KENYA COPYRIGHT BOARD FOR THE
YEAR ENDED 30 JUNE 2011**

REPUBLIC OF KENYA

Telephone: +254 20 342330
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P. O. Box 30084-00100
NAIROBI

Date.....

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Copyright Board set out on pages 3 to 14, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such 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.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

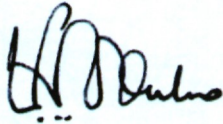
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Unqualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2011, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Copyright Act, 2001.



Edward R.O. Ouko
AUDITOR-GENERAL

Nairobi

15 February 2012

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The Copyright Act Cap 130 of the Laws of Kenya established the Kenya Copyright Board (KECOBO) requires the Board of Directors to prepare financial statements every financial year. These statement should give a true and fair view of the state of affairs of the Kenya Copyright Board and its operating results as at the end of that financial year. It also requires the management to ensure proper accounting records are maintained. In addition, they should ensure that KECOBO's assets are safe guarded.

The Board of Directors accepts responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. These have been done in conformity with the Government Financial Regulations and generally accepted accounting principles.

The Board of Directors is of the opinion that the financial statement gives a true and fair view of the state of the financial affairs of the KECOBO and of its operating results. The Board of Directors further accepts responsibility for the maintenance of accounting of financial statements as well as adequate systems of internal control.

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



AUDITORS

According to Government financial regulations and procedures, the accounts of every State Corporation shall be audited and reported annually by the Auditor-General in accordance with the Public Audit Act 2003 and hence Kenya Copyright Board's Auditors will be Kenya National Audit of the Government of Kenya.

A handwritten signature in black ink, appearing to read 'Henry Chakava', written over a horizontal line.

Dr. Henry Chakava
CHAIRMAN, BOARD OF DIRECTORS
Date: 26/01/2012



BOARD OF DIRECTORS

From left to right (seated)

- * Dr. Marisella N. Ouma
- * Hon. Prof Githu Muigai
- * Dr. Henry Chakava
- * Ms. Alakie Mboya

From left to right (standing)

- * Mr. Ezekiel Mutua
- * Mr. John K. Muchae
- * Mr. Patrick Okoth
- * Mr. Anil Kumar Kapila
- * Mr. Maina Kigaga
- * Mr. Rufus Thuku
- * Prof. Julius Wanjohi Mwangi
- * Ms. Nancy Karimi
- * Dr. Henry Kibet Mutai
- * Mr. Gerald Mwangi
- * Mr. Eston Njeru Munyi

MEMBERS OF THE BOARD

Dr. Henry Chakava..... Chairman Kenya Copyright Board

Mr. Anil Kumar Kapila:..... Representative-Producers &Distributors of Audio Visual works

Ms. Nancy Karimi:.....Representative- Authors and publishers

Dr. Henry Kibet Mutai :.....Copyright Expert

Mr. John K. Muchae:.....Copyright Expert

Mr. Ezekiel Mutua:.....Alternate to PS-Ministry of information and Broadcasting

Mr. Eston Njeru Munyi:.....Representative-Film associations

Prof. Julius Wanjohi Mwangi:.....Representative-Public universities

Ms. Alakie Mboya:.....Copyright Expert

Mr. Rufus Thuku:.....Alternate to PS-Ministry of Heritage and Culture

Mr. Maina Kigaga:.....Alternate to PS -Ministry of Finance

Mr. Patrick Okoth:.....Alternate to the Attorney General

Mr. Alfred Ombaba:.....Alternate to the Police Commissioner

STATEMENT OF FINANCIAL POSITION AS AT 30th June 2011

		<u>2011</u>	<u>2010</u>
		Kshs	Kshs
ASSETS	Notes		
Non –Current assets			
Property plant and Equipments	(2)	12,423,444	10,221,765
Current Assets			
Inventory	(3)	12,164,132	-
Receivable & Prepayments	(4)	4,216,968	12,209,333
Cash and Bank Balances	(5)	<u>2,469,798</u>	<u>4,308,210</u>
TOTAL ASSETS		<u>31,274,342</u>	<u>26,739,308</u>
RESERVES & LIABILITIES			
Capital Reserves	(6)	3,437,014	3,437,014
Revenue Reserves		<u>24,635,034</u>	<u>20,261,104</u>
Sub- Total		28,072,048	23,698,118
Current Liabilities			
Payables & Accruals	(7)	<u>3,202,294</u>	<u>3,041,190</u>
TOTAL EQUITY & LIABILITIES		<u>31,274,342</u>	<u>26,739,308</u>



DR. HENRY CHAKAVA,
CHAIRMAN, BOARD OF DIRECTORS

Date: 26/01/2012



DR. MARISELLA N OUMA
EXECUTIVE DIRECTOR

Date: 25/01/2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30th June 2011

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
<u>INCOME</u>		
Income from Government	52,000,000	62,000,000
Court fines	1,235,000	332,500
Other Incomes (8)	<u>5,179,600</u>	<u>515,500</u>
Total income	58,414,600	62,848,000
<u>EXPENDITURE</u>		
Employee Benefit Expenses (9)	25,942,229	19,946,035
Operating Expenses (10)	21,083,521	19,578,769
Board Expenses (11)	3,133,140	4,773,755
Depreciation	3,681,780	2,354,092
Provision for Audit Fee	200,000	200,000
Total Expenditure	<u>54,040,670</u>	<u>46,852,651</u>
SURPLUS FOR THE YEAR	<u>4,373,930</u>	<u>15,995,349</u>

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30th JUNE 2011.

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
Surplus for the year	4,373,930	15,995,359
Adjusted for:		
Depreciation	3,681,780	2,354,092
Prior year adjustment		(2,944,350)
	8,055,710	15,405,091
<u>Changes in working capital</u>		
Increase/Decrease in Debtors	7,992,365	(10,976,693)
Increase/Decrease in Creditors	161,104	2,841,190
Increase/Decrease in Stock	(12,164,132)	-
Net Cash flow from operating activities	<u>4,045,047</u>	<u>7,269,588</u>
<u>Cash flow from investing activities</u>		
Purchase of assets	(5,883,459)	(6,345,938)
Net cash flow from investing activities	<u>(5,883,459)</u>	<u>(6,345,938)</u>
Cash flow from financing		
Government Grant	—	—
Net Cash flow from financing	<u>—</u>	<u>—</u>
Increase in Cash and cash equivalents	(1,838,412)	923,650
Cash and cash Equivalent at the beginning	4,308,210	3,384,560
Cash & Cash equivalent at the end	<u>2,469,798</u>	<u>4,308,210</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2010

	Capital	Revenue	
	<u>Reserve</u>	<u>Reserve</u>	<u>Total</u>
	Kshs	Kshs	Kshs
Opening Balance	3,437,014	4,265,755	7,702,769
Surplus	-	15,995,349	15,995,349
Revaluations	-	-	-
Balance as at 30th June 2010	<u>3,437,014</u>	<u>20,261,104</u>	<u>23,698,118</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2011

	Capital	Revenue	
	<u>Reserve</u>	<u>Reserve</u>	<u>Total</u>
	Kshs	Kshs	Kshs
Opening Balance	3,437,014	20,261,104	23,698,118
Surplus	-	4,373,930	4,373,930
Balance as at 30th June 2011	<u>3,437,014</u>	<u>24,635,034</u>	<u>28,072,048</u>

NOTES TO FINANCIAL STATEMENTS.

NOTE 1:

ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Treatment of similar items is consistently applied. The financial statements have been prepared in Kenyan shillings.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include revaluation of assets inherited from state law office.

(b) Revenue recognition

The Source of Board revenue includes the Government grant & Appropriation in Aid. Government grant is recognized in the financial statement when received, while Appropriation in Aid recognized when earned.

(c) Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation.

d) Depreciation

Depreciation is calculated on straight line basis, and the annual depreciation rate is as follows:

Motor vehicles	25%
Furniture and fittings	12.5%
Office equipment	12.5%
Computers	33.3%

Full depreciation is charged in the year of purchase /acquisition and none in the year of disposal.

e) Cash and cash equivalents

Cash and cash equivalents comprise of Balance in the Bank account and Cash at hand.

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

(g) Retirement benefit obligation

The Board does not have any Pension Scheme for its employees .The seconded staff are covered under the Civil Servants Pension Scheme.

h) No. of employees

- 2009/2010 (12Months)-19 employees
- 2010/2011 (12Months)-35 employees

i) Inventory

The Inventory is valued at Cost or Net Realizable value.

j) Capital reserves

These are Assets inherited by the Board from State Law Office.

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

NOTE 2:

FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2011

	Motor vehicles	Office Equipment	Furniture & Fittings	Computers	Totals
COSTS					
Cost/Valuation As at 1 st July 2010	3,882,450	1,560,751	6,116,019	1,168,082	12,727,302
Additions	2,525,100	1,135,779	724,840	1,497,740	5,883,459
As at 30 th June 2011	6,407,550	2,696,530	6,840,859	2,665,822	18,610,761
Depreciation					
Acc.dep	(970,613)	(243,833)	(850,520)	(440,589)	(2,505,537)
Charge for the year	(1,601,888)	(337,066)	(855,107)	(887,719)	(3,681,780)
Net Book value					
As at 30 th June 2011	3,835,049	2,115,631	5,135,250	1,337,514	12,423,444
As at 30 th June 2010	2,911,837	1,316,918	5,265,517	727,493	10,221,765

NOTE 3:

INVENTORY

	<u>2011</u> Kshs.	2010 Kshs.
Stationery	1,259,244	-
Cleaning and Sanitary	4,187	-
Building and Construction	7,500	-
Library Materials	342,708	-
Holograms	<u>10,555,593</u>	-
	12,169,232	-
Less Provision for obsolete stock	<u>5,100</u>	-
Total	<u>12,164,132</u>	-

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

NOTE 4:

RECEIVABLES AND PREPAYMENTS

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
Purchase of Motor vehicles	-	2,525,100
Purchase of holograms stickers	-	8,000,000
Staff Debtors	11,000	-
Rent Deposit	963,534	963,534
Prepaid Rent	465,455	388,199
Medical Insurance	211,429	-
Ngulia Lodge	1,125,000	-
African Wildlife	176,000	-
Judiciary fines	<u>1,264,550</u>	<u>332,500</u>
	<u>4,216,968</u>	<u>12,209,333</u>

NOTE 5:

CASH AND BANK BALANCES

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
Bank Balance	2,394,274	4,225,662
Cash Balance	<u>75,524</u>	<u>82,548</u>
	<u>2,469,798</u>	<u>4,308,210</u>

NOTE 6:

EQUITY

	<u>2011</u>	<u>2010</u>
	Kshs	kshs
Capital reserves	<u>3,437,014</u>	<u>3,437,014</u>

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

NOTE: 7
PAYABLES & ACCRUALS

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
Provision for Audit fees	200,000	200,000
Partitioning	2,221,294	2,841,190
United Micro care System Ltd	<u>781,000</u>	<u>-</u>
	<u>3,202,294</u>	<u>3,041,190</u>

NOTE 8:

OTHER INCOMES

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs
Copyright Registration	793,900	177,000
Sale of Stickers	4,180,200	202,000
Sale of Tenders	184,500	136,500
Other Incomes	<u>21,000</u>	<u>-</u>
	<u>5,179,600</u>	<u>515,500</u>

NOTE: 9

EMPLOYEE BENEFIT EXPENSE

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs
Basic salaries-permanent employees	14,425,157	10,923,696
House allowance	6,496,317	4,599,322
Medical allowance	613,499	196,017
Non practicing	840,000	292,200
Responsibility allowance	182,700	306,800
Commuter allowance	1,794,096	1,920,177
Leave allowance	162,000	118,000
Internship allowance	176,000	36,000
Statutory deductions	26,200	
Pension	<u>1,226,259</u>	<u>1,553,823</u>
Total Employee Benefits	<u>25,942,229</u>	<u>19,946,035</u>

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

NOTE 10:

OPERATING EXPENSES

	<u>2011</u>	<u>2010</u>
	Kshs	Kshs
Utilities supplies & services		
Telephone, Telex, Facsimile & phone services	496,660	502,357
Internet & Telephone connection	17,980	329,800
Courier & postal services	36,215	23,242
Domestic travel & other transport costs		
Travel cost	698,979	313,135
Daily subsistence	1,821,274	776,070
Foreign travel & other transport costs		
Travel cost	437,594	1,038,617
Daily subsistence	1,837,322	1,507,678
Printing, Advertising & Information		
Publishing & Printing services	2,215,346	1,767,887
Subscription to newspaper & Magazines	438,010	157,793
Advertising, Awareness & Publicity	2,969,627	1,329,940
Rentals of produced asset	4,341,859	4,775,257
Training expense	1,184,876	310,110
Office Catering Services	707,667	597,510

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

	2011	2010
	Kshs.	Kshs.
Education & library services	71,920	138,077
Purchase of uniforms and clothing	88,286	-
Office & General Supplies	116,846	787,536
Office Stationery	-	780,275
Fuel Oil & Lubricants	864,642	55,910
Other operating expenses	-	137,200
Bank Services, Commission and Charges	25,800	20,615
Contracted Guards & cleaning services	100,000	-
Contracted Professional Services	803,216	781,500
Insurance expenses	542,705	-
Routine Maintenance	391,162	183,980
Specialized material & services	<u>875,555</u>	<u>3,264,280</u>
TOTAL	<u>21,083,521</u>	<u>19,578,769</u>

NOTE 11

BOARD EXPENSES

	<u>2011</u>	<u>2010</u>
	Kshs.	Kshs.
Board Expenses	<u>3,133,140</u>	<u>4,773,755</u>



Training programme for magistrates at the Judiciary Training Institute

ISO Champions training held at Mombasa



The General Managers of MCSK, KAMP & PRISK hold their renewed 2011 license

From right; Mr. Sigei, Mr. Andrew (WIPO) and Mr. Njoroge during the launch of the GDA registration system





KECOBO Staff retreat at Ngulia Safari Lodge

Senior Sergeant Emily Cheruiyot conducting a police officers training session at Nakuru



2011 World Intellectual Property (WIP) Day participants

Music producers at a training held at the NHIF auditorium



BOARD MEMBERS



Dr. Henry Chakava
Chairman



Dr. Marisella Ouma
Executive Director



Mr. Ezekiel Mutua
Director/Alternate to PS
Ministry of Information



Ms. Alakie Mboya
Director



Ms. Nancy Karimi
Director



Mr. Eston Munyi
Director



Dr. Henry Mutai Kibet
Director



Mr. Maina Kigaga
Director/Alternate to PS
Treasury



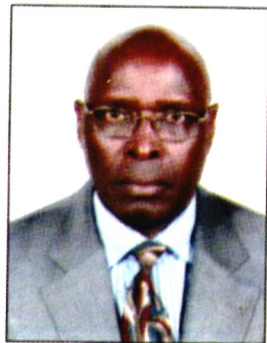
Mr. John Muchae
Director



Mr. Anil Kapila
Director



Prof. Julius Mwangi
Director



Mr. Alfred Ombaba
Director/Alternate to
Commissioner of Police



Mr. Patrick Okoth
Director/Alternate to
Attorney General



Mr. Rufus Thuku
Director/Alternate to PS
Ministry of State for
National Heritage & Culture

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P.O Box 34670 - 00100
Nairobi Kenya**