

REPUBLIC OF KENYA

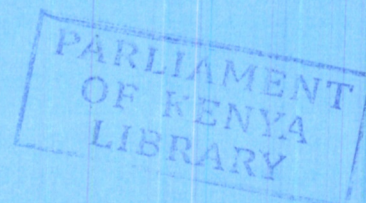


OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 26 JUN 2019

TABLED BY:	L.O.M
CLERK-AT THE-TABLE:	Mr. Modbo



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA COPYRIGHT BOARD

FOR THE YEAR ENDED
30 JUNE 2018



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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KENYA COPYRIGHT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2018

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

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

(c) Key Management

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

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

Finance and Audit committees of KECOBO

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

Committees

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

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

Accountability

The Committees of the Board

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

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

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

i. The Audit Committee

The Audit Committee constitutes five members for the financial year 2017/2018. The committee was chaired by Mr. David Muriithi. He is a qualified auditor with vast experience from reputable international audit firms and is an expert on creative entrepreneurship.

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

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

ii. The Finance Committee

There were five members of this committee during the 2017/2018 Financial Year. The Committee was chaired by Mr. Kennedy Kachwanya. He is a qualified accountant and a financial analyst. He is also an experienced digital marketing and social media expert.

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

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

iii. The Legal and Technical Affairs Committee

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

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

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

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

iii. The Business Development and Communication Committee

There were six members of this committee during the 2017/2018 Financial Year. The Committee was chaired by Mr. David Waweru and other members of the committee included Dr. Donald Otoyo Mr. David Kimotho, Mr. Edward Wamweya and Ms. Silvia Gichia

iv. The Human Resource Committee

There were five members of the committee during the 2017/2018 Financial Year. The committee was chaired by Ms. Catherine Ngengi and other members included Mr. Desmond Katana HSC, Mr. P.D. Gwaro Ogaro, Mr. David Kimotho and Mr Peter Mwangi.

Frequency of meetings

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

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

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(a) Board Headquarters

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

(b) Board Contacts

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

(c) Board Bankers

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

(d) Independent Auditors

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

(f) Principal Legal Adviser



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

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THE BOARD OF DIRECTORS

 <p>Dr. Donald Otoy Ondieki</p> <p>Date of Birth 14th July, 1973</p> <p>Director representing PS, Ministry of National Heritage and Culture.</p> <p>KEY PROFESSION:</p> <p>Performing Artist Music Educator, Researcher and Music Industry specialist.</p> <p>EDUCATION & PROFESSIONAL QUALIFICATIONS:</p> <p>Doctor of Philosophy Degree (Performance and Education), Kenyatta University. (2005 – 2010)</p> <p>Master of Music (Performance), Kenyatta University. (2001 – 2003)</p> <p>Bachelor of Education (Arts), Kenyatta University. (1992 – 1997)</p>	<p>Kenya Certificate of Secondary Education (KCSE), Alliance High School. (1991)</p> <p>Kenya Certificate of Primary Education (KCPE), Mai-a-ihii Primary School. (1987)</p> <p>WORK EXPERIENCE</p> <p>2017 to Date: Senior Lecturer</p> <p>Kenyatta University</p> <p>2013 to 2016 Senior Lecturer/Chairman Department of Music and Performing Arts.</p> <p>Technical University of Kenya</p> <p>2016 to Date Director, Permanent Presidential Music Commission Ministry of Sports, Culture and The Arts</p>
 <p><u>David Waweru,</u></p> <p>Date of Birth 10th February, 1965</p> <p>Director representing publishers, authors and writers' associations.</p>	<p>DATE OF BIRTH: 10 February 1965</p> <p>PROFESSIONAL QUALIFICATIONS:</p> <p>2014 Corporate Governance – Institute of Directors (Kenya)</p> <p>2014 SME Gold Academy on Business Excellence- Enablis East Africa</p> <p>WORK EXPERIENCE</p> <p>2001 – Current: Publisher & CEO, Word Alive Publishers Limited</p>

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

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

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

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

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

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

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 <p><u>Isaac Michael Rutenberg, PHD, JD</u></p> <p>Date of Birth 13th December, 1977</p> <p>Director representing software associations</p> <p>PROFESSION: Patent Attorney/Researcher</p> <p>ACADEMIC QUALIFICATIONS</p> <p>Ph.D., Chemistry, California Institute of Technology (California, 2005), J.D., Santa Clara University School of Law (California, 2011)</p> <p>B.S., Chemistry, Colorado School of Mines (Colorado, 2000)</p> <p>B.S., Mathematics/Computer Science, Colorado School of Mines (Colorado, 2000)</p>	<p>KEY QUALIFICATIONS</p> <p>Patent Attorney, Understanding of intellectual property laws and regulations for various countries and regions</p> <p>Knowledge of issues relevant to for-profit, not-for-profit, and government bodies, covering patents, trademarks, copyrights, trade secrets, and other forms of intellectual property</p> <p>Agent/Representative for over 50 issued US and foreign patents.</p> <p>WORK EXPERIENCE</p> <ul style="list-style-type: none"> • Lecturer, Strathmore Law School, Strathmore University, Nairobi Kenya (2012-present) • Director, Center for Intellectual Property and Information Technology Law (CIPIT) at Strathmore Law School, Nairobi, Kenya (2012-present) • Consultant, Kamau-Rutemberg Consulting, Nairobi, Kenya (2012-present) • Patent Attorney, Science and Technology Law Group, Sunnyvale, CA (2012-present)
 <p>Mrs. Catherine Wangui Ngengi</p> <p>Director-Copyright Expert</p> <p>FOUNDER/ DIRECTOR</p> <p>Kazamoyo Films</p> <p>KEY PROFESSION:</p> <ul style="list-style-type: none"> • Film Producer <p>ACADEMIC QUALIFICATIONS:</p> <ul style="list-style-type: none"> • Bachelor of Science in Accounting and Finance, Indiana University, USA. 	<p>WORK EXPERIENCE:</p> <p>KAZAMOYO FILMS:</p> <ul style="list-style-type: none"> • Producer/Director of Films, Documentaries/Advertisements/Tv & Radio Programs & Music Composition <p>UNDP:</p> <ul style="list-style-type: none"> • Accountant UNDP Accounts Department • Producer/Director of UNDP Documentary/Tv & Radio Series entitled "Investing in People" Aired on KCB Tv & Radio <p>GITHONGO & COMPANY (AUDIT FIRM):</p> <ul style="list-style-type: none"> • Auditor <p>KENYA RAILWAYS:</p> <ul style="list-style-type: none"> • Producer/Director of Short Documentary ofher Majesty Queen Elizabeth II Train Journey from Nairobi to Thika. <p>BAT:</p>

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

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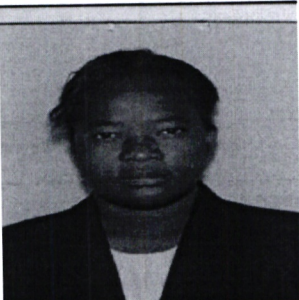
MANAGEMENT TEAM

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

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

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

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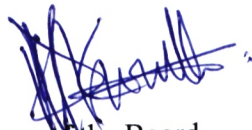
CHAIRMAN'S STATEMENT

The Kenya Copyright Board received consistent funding during the period under audit. However, the funding is far from optimum. In a bid to improve the financial position of the entity the Board prepared the Strategic Plan and a Resource Mobilization Strategy that will run from 2017-2022. In support of the same agenda and in a bid to raise KECOBO visibility, the Board established the Business Development and Communication Committee.

The Board has highly trained professionals managing all of its eight departments supporting the Executive Director in executing the Board mandate. At the same time, KECOBO Board managed to stem the high staff turnover experienced recently at the organisation. The recently developed Human Resource Policies and Procedures Manual have been approved for implementation from the next financial year. The Board is looking at implementing the Salaries and Remuneration Commission (SRC) recommendations in the new financial year.

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

The foundation laid by this Board leaves the organisation as a going concern and in a good position to expand and grow. There is no doubt that the organisation can make a difference in the National Development Agenda.



Chairman of the Board

Date.....

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

REPORT OF THE EXECUTIVE DIRECTOR

Background

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

Achievements

This year KECOBO completed the development and testing of its Enterprise Resource Program (ERP). The system contains seven modules reflecting the main service departments of the organization. The ERP is expected to enhance service delivery to KECOBO's customers and increase the number of registrations KECOBO undertakes through its online registration module.

The outreach program led by the legal, enforcement and public communications department continued with over 1,827 individuals from Universities, publics, artists and other organizations being reached. A total of 822 policemen were trained during the period. A number of training opportunities were made available for Legal, KECOBO Inspectors and Police Officers.

The Copyright Amendment Bill made its way through the parliamentary process and, by the time of writing this Annual Report has just been passed. It is now awaiting presidential assent. The law opens a new era in the management of Copyright in the country.

During the same period, a new Strategic Plan 2017-2022 was adopted and implementation has begun. A Resource Mobilization Strategy was also approved by the Board and is under implementation. With the newly amended law and the Strategic Plan and the Resource Mobilization Strategy in place offers KECOBO an opportunity to consolidate gains made over the years and transition into a formidable organization.

The Decision not to renew the MCSK license continues to impact the collection of royalties in the music sector generally. The recent decision by the Kakamega High court is being examined for lessons with a view to restarting the process of licensing for authors, composers and publishers of music.

Conclusion

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

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

CORPORATE GOVERNANCE STATEMENT

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

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

BOARD OF DIRECTORS

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

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

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

BOARD COMMITTEES

The Board has created the following principal committees which meet regularly under well-defined terms of reference set by the Board: The delegation of various authorities to the committees does not in any way constitute an abdication of the Board responsibility for the affairs of the Board.

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The Kenya Copyright Board (KECOBO) is established under section 3 of the Copyright Act, 2001(Cap 130). Its mandate is the overall administration and enforcement of copyright and related rights in Kenya. The Board has carried out its core activities with zeal and passion for the year 2017/2018. The legal and enforcement departments have continued to carry out the mandate of the Board effectively and efficiently despite limited resources. Piracy and infringement of copyright and related rights continues to pose a major challenge in Kenya and in order to reduce this challenge, adequate financial, human and physical resources are needed to drastically reduce the menace. However, the funds that the Board receives are not sufficient to effectively deliver its mandate to the citizen. The Board is required to undertake copyright infringement raids throughout the country but due to insufficient funds raids are confined in Nairobi and the neighbouring Counties.

The Board is committed to build the organisations capacity to discharge its statutory mandate to support creators to obtain maximum value for their works. The recent Strategic Plan and changes in the law are geared towards enhancing the KECOBO capacity to remain a relevant player in the creative sector.

SECTION B

Entity's compliance with statutory requirements

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

SECTION C

Key projects and investment decisions the entity is planning/implementing

In the third quarter of 2016/2017, KECOBO began the process of acquiring an Enterprise Resource Planning (ERP) System. The implementation of ERP will see the Board improve its service delivery. The envisaged ERP will be able to afford our clients both copyright registration online and submission of complaints on line. It will also go a long way in automating the Board processes and procedures and therefore enhancing accountability and transparency.

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

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

SECTION D

Major risks facing the entity

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

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

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

(a) Credit Risk Management

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

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

Classification of credit risk bearing assets

The table below Represents Board's maximum exposure to credit risk as at 30TH JUNE 2018

PARTICULARS	FULLY PERFORMING	PAST DUE	IMPAIRED	TOTAL
Bank balances	9,414,736			9,414,736
	9,414,736			9,414,736

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

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

(b) Liquidity Risk

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

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

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

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

DETAILS	1- 6 Months Shs	6- 12 Months Shs	1- 5 Years Shs	TOTAL Shs
At 30 June 2018(Trade Payables)	6,433,200			6,433,200
At 30 June 2017(Trade payables)	4,929,779			4,929,779

(c) Market risk

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

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

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

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

a) Foreign currency risk

The Board has no transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the Board's financial condition may be adversely affected as a result of changes in interest rate levels. The Board's interest rate risk arises from bank deposits.

KENYA COPYRIGHT BOARD

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For the year ended June 30, 2018

This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

SECTION E

Material arrears in statutory/financial obligations

The Board did not have any active loans. It did not have any outstanding staff & pension obligations or even non payment of dividends. The Board endeavors to settle financial obligation rising from the procurement process within the shortest time possible. Generally, the Board does not have any outstanding bills relating to previous financial periods

SECTION F

The entity's financial probity and serious governance issues

The Board has a strong corporate governance structure and internal controls. The entire board has been inducted on Mwongozo which is a mandatory requirement. The only governance issue affecting the Board is lack of an appointed chairperson of the board since the previous chair's term ended.

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

KECOBO has participated in several activities which include walks for cancer Awareness; Beyond Zero campaigns, visit to hospitals and donations of food, clothing and tailoring machines to the needy among others within and outside Nairobi.

In June the Kenya Copyright Board CSR and Disability Mainstreaming Committees paid a visit to Nile Road Special School. The Board donated items to the students which included food, clothes, shoes and quality materials for making tracksuits for the 175 boys and 105 girls.

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Board's affairs.

Results

The results of the entity for the year ended June 30, 2018 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page vi. During the year Ms. Monicah Sairo and Mr. Joseph Kipkoech retired and Dr. Donald Otoyo and Mr. Edward Wamweya were appointed with effect from 17th May, 2017 and 30th January respectively to replace them. The Chairperson (Ms. Millicent Ogutu) also retired during the period, but has not been replaced to date.

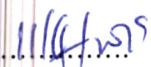
Auditors

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

By Order of the Board

Edward Sigei


.....
Executive Director

Date.....

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2018, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Board's financial statements were approved by the Board on 20th September 2018 and signed on its behalf by:

Kennedy Kachwanya

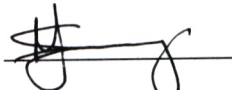
Director's Name



Director's Signature

Sylvia Njenga Gichia

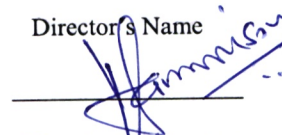
Director's Name



Director's Signature

Dermond Katana Harrison

Director's Name



Director's Signature

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Kenya Copyright Board set out on pages 1 to 32 which comprise the statement of financial position as at 30 June 2018, 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 knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Kenya Copyright Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012 and the Copyright Act, CAP 130 of the laws of Kenya.

Basis for Qualified Opinion

Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalents balance of Kshs.9,414,736 as at 30 June 2018 which include cash in hand balance of Kshs.285,413 for which the cash survey certificate reflects Kshs.297,622 resulting in unexplained difference of Kshs.12,209. Further, the bank reconciliation statement for the KCB account no.1104002450 reflects unrepresented cheques totalling to Kshs.4,906,768 which include a stale cheque of Kshs.5,431 that had not been reversed in the cashbook as at 30 June 2018. In addition, the clearance status of unrepresented cheques totalling to Kshs.11,475 had not been disclosed as at 31 March 2018.

Further, the reconciliation statement reflects receipts in bank statement not in cashbook of Kshs.54,806, payments in bank statement not in cashbook of Kshs.21,564 and

Report of the Auditor-General on the Financial Statements of Kenya Copyright Board for the year ended 30 June 2018

receipts in cashbook not in bank statement of Kshs.15,130 for which clearance status as at 31 March 2019 was not provided for verification.

In the circumstances, the validity and accuracy of cash and cash equivalents balance of Kshs.9,414,736 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Copyright Board management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else 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

Delayed Completion of ERP Project

The Board entered into a contract with a Business Solutions Company for the Supply, Installation, Testing, Training and Commissioning of an Enterprise Resource Planning (ERP) System on 28 March 2017 at a total contract price of Kshs.11,680,272. The contract price was inclusive of renewal of licenses, maintenance and support for a period of two years. Section 4 of the contract provided that the project was to be implemented within a period of ninety (90) days, effective date following the acceptance and signing of the agreement and a further two (2) years system support period. Although an amount of Kshs.10,741,136 had been charged to the Project as at 30 June 2018, the project was yet to be completed and commissioned 21 months after the expiry of implementation period.

No justifiable explanation was provided for the significant delay in completion and the remedial action taken to correct the position.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters discussed in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective. The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects.

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 April 2019

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2018

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from Government	3	132,012,000	131,000,000
		132,012,000	131,000,000
Revenue from exchange transactions			
Other incomes	4	4,091,805	12,079,645
		4,091,805	12,079,645
Total revenue		136,103,805	143,079,645
Expenses			
Employee costs	5	85,585,130	74,719,702
Directors' Remuneration	6	5,861,948	8,737,353
Depreciation and amortization expense	7	13,238,637	7,910,987
Repairs and maintenance	8	1,909,066	1,094,581
Contracted services	9	2,260,766	385,320
General expenses	10	35,016,413	34,199,496
Total expenses		143,871,960	127,047,439
Surplus /Deficit for the period		(7,768,155)	16,032,206

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

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2018

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

Assets		2017-2018	2016-2017
Current assets		Kshs	Kshs
Cash and cash equivalents	11	9,414,736	21,690,727
Receivables from non-exchange transactions	12	9,126,462	7,238,233
Inventories	13	<u>9,454,321</u>	<u>9,493,966</u>
		<u>27,995,519</u>	<u>38,422,926</u>
Non-current assets			
Property, plant and equipment	14	14,897,934	10,261,999
Intangible assets	15	<u>12,174,100</u>	<u>11,239,513</u>
		<u>27,072,034</u>	<u>21,501,512</u>
Total assets		<u>55,067,553</u>	<u>59,924,438</u>
Liabilities			
Current liabilities			
Trade Payables	16	6,433,200	4,929,779
Non-current liabilities			
Long Term Liabilities		=	=
Total liabilities		<u>6,433,200</u>	<u>4,929,779</u>
Net assets			
Reserves		3,437,014	3,437,014
Accumulated surplus		<u>45,197,339</u>	<u>51,557,645</u>
Total reserves		<u>48,634,353</u>	<u>54,994,659</u>
Total net assets and liabilities		<u>55,067,553</u>	<u>59,924,438</u>

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

Executive Director

Name: Edward Sigei
 Signature: [Signature]
 Date: 10/4/2017

Head of Finance

Name: FREDERICK MUTUKU
 Signature: [Signature]
 Date: 10/04/2014

Chairman of the Board

Name: DAVID MURITHI
 Signature: [Signature]
 Date: 10/4/17

ICPAK NO :

KENYA COPYRIGHT BOARD**Annual Reports and Financial Statements****For the year ended June 30, 2018**

STATEMENT OF CHANGES IN NET ASSETS**FOR THE YEAR ENDED 30 JUNE 2018**

	Capital reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30th June 2016	3,437,014	36,933,288	40,370,302
Surplus for the period	-	16,032,206	16,032,206
Prior year adjustments 2015/2016			
Unpresented cheques (Reversed) (Note 21)		(1,407,849)	(1,407,849)
Balance as at 30th June 2017	3,437,014	51,557,645	54,994,659
Surplus/Deficit for the period	-	(7,768,155)	(7,768,155)
prior year adjustments (Note 21)		1,407,849	1,407,849
Bal as at 30th June 2018	3,437,014	45,197,339	48,634,353

Reserves

Reserves held during the period are capital reserves and accumulated surplus

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2018

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017-2018	2016-2017
		Kshs	Kshs
Surplus for the year		(7,768,155)	16,032,206
Adjusted for:			
Prior year adjustment	21	1,407,849	(1,407,849)
Depreciation and amortization	7	<u>13,238,637</u>	<u>7,910,987</u>
		<u>6,878,331</u>	<u>22,535,344</u>
Changes in working capital			
Increase / Decrease in Debtors	12	(1,888,229)	(3,986,392)
Increase / Decrease in Creditors	16	1,503,421	(1,102,281)
Increase / Decrease in Inventory	13	<u>39,645</u>	<u>69,085</u>
Net Cash flow from working capital		<u>(345,164)</u>	<u>(5,019,588)</u>
Net Cash flow from Operating Activities		<u>6,533,168</u>	<u>17,515,756</u>
Cash flows from investing activities			
Purchase of property, plant, equipment	14	(14,971,278)	(11,492,165)
WIP (Dynasoft)	15	-	(7,989,890)
Intangible Asset		<u>(3,837,881)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(18,809,159)</u>	<u>(19,482,055)</u>
Cash flows from financing activities		-	-
		<u>(18,809,159)</u>	<u>(19,482,055)</u>
Cash and cash equivalents at 1st July	11	21,690,727	23,657,026
Increase in cash and cash equivalents		<u>(12,275,991)</u>	<u>(1,966,299)</u>
Cash and cash equivalents at 30th June		<u>9,414,736</u>	<u>21,690,727</u>

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018****STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS****FOR THE YEAR ENDED 30 JUNE 2018**

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue Reserve	21,690,726	-	21,690,726	21,690,726	-
Government grants	132,012,000	-	132,012,000	132,012,000	-
Rendering of services	5,000,000		5,000,000	4,091,805	-908,195
Total income	158,702,726		158,702,726	157,794,531	
Capital Expenditure					
Furniture, Computers, & Equipment & Intangible assets	10,821,078	1,650,000	12,471,078	12,811,559	-340,481
Motor Vehicles	6,000,000	0	6,000,000	5,997,600	2,400
Total Capital Expenditure	16,821,078	1,650,000	18,471,078	18,809,159	-338,081
Expenses					
Compensation of employees	75,351,726	0	75,351,726	72,371,669	2,980,057
Communication Supplies & Services	1,370,000	200,000	1,570,000	1,092,375	477,625
Domestic travel & subsistence	8,400,000	-500,000	7,900,000	8,599,384	-699,384
Foreign travel & subsistence	4,000,000	300,000	4,300,000	4,614,077	-314,077
Publicity & Information Supplies	5,950,000	-500,000	5,450,000	5,396,059	53,941
Rent paid	16,400,000	-1,150,000	15,250,000	14,427,917	822,083
Training Expenses	7,320,000	700,000	8,020,000	8,368,502	-348,502

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

Catering	900,000	700,000	1,600,000	1,590,339	9,661
Board of Directors' Expense	8,444,000	-1,200,000	7,244,000	5,861,948	1,382,052
Specialized Materials & Services	337,000	-50,000	287,000	217,340	69,660
Office & General Supplies	3,000,000	-350,000	2,650,000	1,927,109	722,891
Motor Vehicle Expenses	2,050,000	0	2,050,000	1,157,453	892,547
Operating Expenses	400,000	0	400,000	161,915	238,085
Professional Services	2,300,000	500,000	2,800,000	2,626,566	173,434
Repair & Maintenance	2,430,000	-300,000	2,130,000	1,909,066	220,934
Lease of Motor vehicles	100,000	0	100,000	64,960	35,040
Anti-piracy Device Expenses	200,000	0	200,000	39,644	160,356
ICT Equipment & Software	2,428,922	0	2,428,922	-	0
CSR	500,000	0	500,000	207,000	293,000
Total Expenses	158,702,726		158,702,726	149,442,482	
SURPLUS/DEFICIT				8,352,051	

A detailed explanation of key variance between budget and actual performance is annexed as Appendix 1

Kenya copyright Board

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

	2017-2018
	Kshs.
Total Expenditure per Budget (Actual)	149,442,482
Depreciation/Amortization	13,238,637
Total Capital Expenditure	(18,809,159)
Total Expenditure as per Statement of Financial Performance)	143,871,960

Kenya copyright Board

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of compliance and basis of preparation

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

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

3 (a) Adoption of new and Revised Standards

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

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with

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Standard	Effective date and impact:
	IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

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

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (b) Summary of significant accounting policies

a. Revenue recognition

i) Revenue from Non-exchange transactions

Transfer from Government Grant

The Board received an amount of Ksh. 132,012,000 from the government through the parent ministry. Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

b) Inventories

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

c) Property, plant and equipment

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

d) Intangible assets

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

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

e) Amortization of Intangible assets

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

f) Provisions

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

g) Taxation

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

h) Employee benefits

Retirement benefit plans

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

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

i) Cash and cash equivalents

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

j) Financial instruments

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

Trade receivables

Trade receivables are carried at anticipated realizable value.

Trade payables

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

Kenya copyright Board

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

k) Leases

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

l) Depreciation

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

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

m) Comparative figures

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

n) Significant judgment and sources of estimation uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Kenya copyright Board

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For the year ended June 30, 2018

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

p) Nature and Purpose of Reserves

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

q) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly on 30th March 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of directors. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (c) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2016-2017
			KShs	KShs	KShs
Office of the Attorney General & Department Of Justice	132,012,000	N/A	N/A	132,012,000	131,000,000
Total	132,012,000	N/A	N/A	132,012,000	131,000,000

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

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

4. Other Income		2017-2018	2016-2017
		Kshs	Kshs
Copyright Registration		1,473,220	1,256,930
Sale of Stickers		148,200	240,800
Out of court settlement fees		290,406	225,400
CMO's Licence Renewal		1,055,074	6,298,367
Partnerships		1,061,405	2,530,093
Tender document		1,000	-
Training income		62,500	-
Court Fines			610,000
Others			918,055
Total income		<u>4,091,805</u>	<u>12,079,645</u>

		2017-2018	2016-2017
4. (a) Others explained:		Kshs	Kshs
Disposal of Waste paper		-	16,800
Refund of Excess Premiums (Insurance)		-	162,561
CSR Support (Film Classification Board)		-	275,000
Receipts not in Cash book (2009 to 2015)		-	463,694
Total Others		-	918,055

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

5. Employee costs		2017-2018	2016-2017
		Kshs	Kshs
Basic Salaries		36,880,669	31,329,289
Pensions and Medical		11,181,464	9,159,964
Travel, accommodation and other allowances		13,213,461	12,272,762
Housing benefits and allowances		23,190,932	20,977,870
Gratuity		1,118,604	979,817
Total employee costs		<u>85,585,130</u>	<u>74,719,702</u>

6. Directors Remuneration		2017-2018	2016-2017
		Kshs	Kshs
Sitting allowance & Other costs		5,682,148	7,693,353
Chairman honorarium		-	960,000
Chairman telephone allowance		179,800	84,000
Total Directors Remuneration		<u>5,861,948</u>	<u>8,737,353</u>

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

		2017-2018	2016-2017
		Kshs	Kshs
7. Depreciation & Amortization			
Property, plant and equipment		10,335,343	6,288,611
Intangible assets		2,903,294	1,622,376
Total Depreciation and Amortization		<u>13,238,637</u>	<u>7,910,987</u>

		2017-2018	2016-2017
		Kshs	Kshs
8. Repair & Maintenance			
Equipment		9,800	15,907
Vehicles		1,377,714	984,586
Computers		521,552	-
Others		-	94,088
Total repairs and maintenance		<u>1,909,066</u>	<u>1,094,581</u>

		2017-2018	2016-2017
		Kshs	Kshs
9. Contracted Services			
Contracted professional services		2,260,766	385,320
Total contracted services		<u>2,260,766</u>	<u>385,320</u>

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

10.General Expenses		2017-2018	2016-2017
		Kshs	Kshs
Advertising		3,253,532	2,806,202
Audit fees		290,000	290,000
Conferences and delegations		1,590,339	1,844,631
Consumables		1,966,753	2,234,137
Fuel and oil (m/v Expenses)		505,500	1,132,742
Insurance (m/v Expenses)		651,953	414,203
Postage		50,739	17,545
Printing and stationery		2,142,527	2,393,657
Rental		14,427,917	13,293,317
Telecommunication		1,041,636	995,145
Training		8,383,992	7,463,134
Corporate Social Responsibility		207,000	389,587
ICT equipment and software		-	-
Hire of motor vehicle		64,960	79,600
Other		439,565	180,924

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Stocks Write off			4,672
Provision for bad debts		-	660,000
Total General expenses		<u>35,016,413</u>	<u>34,199,496</u>

11.Cash & Cash Equivalent		2017-2018	2016-2017
		Kshs	Kshs
Bank		9,129,323	21,268,128
Cash		285,413	422,599
Total Cash and Cash Equivalent		<u>9,414,736</u>	<u>21,690,727</u>

11. (a) Cash at the Bank

Name of the Bank	Bank Account Number	Currency	2017-2018	2016-2017
Kenya Commercial Bank	1104002450	Kshs	Kshs	Kshs
Total			9,129,323	21,268,128

11. (b) Cash at Hand

		2017-2018	2016-2017
Liquid Cash		Kshs	Kshs
Total		285,413	422,599

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

12. Receivables from Non-Exchange Transactions	2017-2018	2016-2017
	Kshs	Kshs
Staff Temporary Imprest	229,900	400,227
Rent Deposit	2,563,705	2,563,705
Medical Insurance cover	4,925,626	3,961,740
C.I.C Insurance	-	162,561
WIPO		150,000
National Oil (Fuel)	<u>800,000</u>	
Simplify it LTD.(AZURE)	<u>607,231</u>	
Total Receivables	<u>9,126,462</u>	<u>7,238,233</u>

13. Inventories	2017-2018	2016-2017
	Kshs	Kshs
Hologram Stickers	9,454,321	9,493,966
Total Inventories	<u>9,454,321</u>	<u>9,493,966</u>

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	M/V	OFF/EQUIP	FURNITURE	PARTITIONS	COMPUTERS	WIP	TOTAL
DEPRECIATION RATE	0.25	0.125	0.125	0.16667	0.333		
AT 30TH JUNE 2016	7,820,000	3,514,380	5,981,893	7,973,640	3,318,320	1,461,600	30,069,833
Additions	6,262,500	185,000	2,123,475		2,921,190		11,492,165
Adjustments				(7,973,640)	(2,358,449)	(1,461,600)	(11,793,689)
AT 30TH JUNE 2017	14,082,500	3,699,380	8,105,368	-	3,881,061	-	29,768,309
Additions	5,997,600	940,500	445,000	218,000	7,370,178		14,971,278
Adjustments					(349,729)		(349,729)
AT 30TH JUNE 2018	20,080,100	4,639,880	8,550,368	218,000	10,901,510	-	44,389,858
Depreciation and Impairment							

Kenya copyright Board

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At 30th June 2016	5,865,000	2,637,085	3,997,493	7,973,640	3,076,570	23,549,788
Depreciation	3,520,625	462,423	1,013,171	-	1,292,393.31	6,288,612
Adjustments				(7,973,640)	(2,358,449)	(10,332,089)
Net Depreciation	3,520,625	462,423	1,013,171	-	1,292,393	6,288,612
At 30th June 2017	9,385,625	3,099,508	5,010,664	-	2,010,514	19,506,311
Depreciation	5,020,025	579,985	1,068,796	36,334.00	3,630,202.83	10,335,343
Adjustments					(349,729)	(349,729)
Net Depreciation	5,020,025	579,985	1,068,796	36,334.00	3,630,203	10,335,343
At 30th June 2018	14,405,650	3,679,493	6,079,459	36,334.00	5,290,988	29,491,924
N/Book Value at 30th June 2018	5,674,450	960,387	2,470,909	181,666.00	5,610,522	14,897,934
N/Book Value at 30th June 2017	4,696,875	599,872	3,094,705	-	1,870,547	10,261,999

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018**

15.Intangible assets	INTANGIBLE	WIP	TOTAL
AMORTIZATION RATE	33.3%	0%	
COST JULY 2016	4,738,838	0	4,738,838
Additions	1,461,600	7,989,890	9,451,490
Adjustments	(1,328,438)	0	(1,328,438)
At 30 th June 2017	4,872,000	7,989,890	12,861,890
Additions	3,837,881	0	3,837,881
As at June 2018	8,709,881	7,989,890	16,699,771
AMORTIZATION			
July 2016	1,328,439	0	1,328,439
Adjustments	(1,328,438)	0	(1,328,438)
Amortization	(1,622,377)	0	(1,622,377)
At June 2017	1,622,377	0	1,622,377
Amortization June 2018	2,903,294	0	2,903,294
Accumulated June 2018	<u>4,525,671</u>	0	4,525,671
Net Book Value 30 June 2018	<u>4,184,210</u>	7,989,890	12,174,100
Net Book Value 30 June 2017	<u>3,249,623</u>	7,989,890	11,239,513

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2018****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

16. Current payables	2017/2018	2016/2017
Provision for Audit fees	290,000	290,000
Designing and printing of service charter	93,278	
Gratuity	1,947,017	979,817
Supply of staff Uniform	112,850	
Supply of newspaper	8,950	9,400
Maintenance of Computers	20,479	
Design of Roll up Banners	29,000	
Minor Alteration to building	218,000	
Installation of tracking systems	15,000	
Supply of Tissues	31,520	
Hire of Conference Facility	41,250	
Design of Director portrait	34,800	
ERP License	835,097	
Design of newsletters	17,000	
ICT Equipment and software	1,242,702	
Supply of TV Stand	24,360	
Internet Services		196,355
Leave allowances	64,048	64,048
Dynasoft-Development/Testing ERP		1,916,149
Unpresented Cheques 2015/2016(Reversed) (Note 21)	1,407,849	1,407,849
Owing to Board Chairman (Underpaid Airtime)	-	66,161
TOTAL	6,433,200	4,929,779

Kenya copyright Board

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For the year ended June 30, 2018

17. Contingent liabilities

The Board did not have any contingent liability during the year 2017/2018. However, due to the nature of the Board's operations, sometimes exhibits from people that have been found to infringe on Copyright are kept in our stores awaiting court determination. These exhibits do not belong to the Board and are not insured in case of any risk.

18 RELATED PARTY BALANCES

Nature of related party relationships

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

	2018	2017
		Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	132,012,000	131,000,000
Grants from County Government	N/A	N/A
Donations in kind	N/A	N/A
Total	132,012,000	131,000,000
b) Key management compensation		
Directors' emoluments	5,861,948	8,737,353
Compensation to key management	23,777,865	22,191,175
Total	29,639,813	30,928,528

Kenya copyright Board

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For the year ended June 30, 2018

c) Outstanding balances with related parties		
Staff receivables (Note 12)	229,900	400,227
Total	229,900	400,227

19. Financial Risk Management Objectives and Policies

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

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

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

a) Credit risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Classification of credit risk bearing assets

The table below represents the Board's maximum exposure to credit risk as at 30th June 2018

AS at 30th June 2018

	Fully Performing	Past Due	Impaired	Total
Bank Balance	9,414,736	-	-	9,414,736

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

The table below provides receivables Aging Listing (Note12)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2018		-		
Receivables	<u>229,900</u>		<u>8,896,562</u>	<u>9,126,462</u>
As at 30 th June 2017				
Receivables	<u>4,674,528</u>		<u>2,563,705</u>	<u>7,238,233</u>

b) Liquidity risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2018		-	-	
Trade payables	<u>6,433,200</u>			<u>6,433,200</u>
As at 30 th June 2017				
Trade payables	<u>4,929,779</u>	-	-	<u>4,929,779</u>

20. Nature and Purpose of Reserves

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

21. Prior year adjustment

An amount totaling to Kshs. 1,407,849 is reflected as a prior year adjustment. This relates to cheques that had been paid out but were not presented to the bank, hence they remained as un-presented cheques on the reconciliation statement. There was need to adjust the amount back to the cash book and also provide as a payable until claims are made or the amount is written off. These cheques are subject to a dispute between Kenya Revenue Authority and our Bank- Kenya Commercial Bank. KRA ledgers reflect the payments yet the bank indicates the amounts were never debited in our Account. The matter is being resolved by KRA, the process begun a while back and was still ongoing by end the Financial year.

22. Progress on Follow Up of Auditor Recommendations

In the last year of audit, the Board had no pending recommendations from the Auditor General.

Chairman of the Board

Sign: 

Date: 18/4/19

Executive Director

Sign: 

Date: 18/4/2019

Kenya copyright Board

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

Appendix 1						
Budget Component	Original Budget	Adjustment	Revised Budget	Actual	% utilization	
Revenue reserve	.	-	.	.	.	
GOK Grant	132,012,000	-	132,012,000	132,012,000	100%	
Other Incomes	5,000,000	-	5,000,000	4,091,805	82%	The variance arose due to non-remittance of court fines by the Judiciary
Office & General Equipment	10,021,078	2,150,000	12,471,078	12,811,559	103%	The expenditure was within the range of 100% + or -10%
Motor Vehicles	6,000,000	-	6,000,000	5,997,600	100%	The expenditure was within the range of 100% + or -10%
Compensation of employees	75,351,726	-	75,351,726	72,371,101	96%	The expenditure was within the range of 100% + or -10%
Communication supplies & Services	1,370,000	200,000	1,570,000	1,092,375	70%	Management discipline and strict controls enabled the cost saving
Domestic travel subsistence & transport cost	8,400,000	(500,000)	7,900,000	8,599,384	109%	The expenditure was within the range of 100% + or -10%
Foreign travel subsistence & transport cost	4,000,000	300,000	4,300,000	4,614,077	107%	The expenditure was within the range of 100% + or -10%
Publicity & Information supplies	5,950,000	(500,000)	5,450,000	5,396,059	99%	The expenditure was within the range of 100% + or -10%

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Rent paid	16,400,000	(1,150,000)	15, 250,000	14,427,917	95%	The expenditure was within the range of 100% + or -10%
Training expenses	7,320,000	700,000	8,020,000	8,368,502	104%	The expenditure was within the range of 100% + or -10%
Office catering services	900,000	700,000	1,600,000	1,590,339	99%	The expenditure was within the range of 100% + or -10%
BOD Expenses	8,444,000	(1,200,000)	7,244,000	5,861,948	81%	The vote was not fully utilized due to the fact that the Board has remained without a Chairperson for a while thus no payment of Honorarium and airtime during that period.
Specialized materials & services	337,000	(50,000)	287,000	217,340	76%	Management discipline and strict controls enabled the cost saving
Office & General supplies	3,000,000	(350,000)	2,650,000	1,927,109	73%	Management discipline and strict controls enabled the cost saving
Motor Vehicle expenses	2,050,000	-	2,050,000	1,157,453	95%	The expenditure was within the range of 100% + or -10%
Office operating expense	400,000	-	400,000	161,915	40%	The under expenditure is due to the fact that most of the assets (apart from motor vehicles) were not insured during the year under review
Professional services	2, 300,000	500,000	2,800,000	2,626,566	94%	The expenditure was within the range of 100% + or -10%
Repairs & Maintenance	2,430,000	(300,000)	2,130,000	1,909,066	90%	The expenditure was within the range of 100% + or -10%
Anti-Piracy device expenses	200,000	-	200,000	39, 643,50	20%	Although budgeted for, it was not utilized owing to non-demand during the period
CSR	500,000	-	500,000	207,000	41%	The CSR activity was carried out in June thus the payment was yet to be accounted for.

Kenya copyright Board

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APPENDIX 11: INTER-ENTITY TRANSFERS CONFIRMATION LETTER

STATE LAW OFFICE

ATTENTION: CHIEF FINANCE OFFICER

The Kenya Copyright Board (KECOBO) wishes to confirm the amounts disbursed to it as at 30th June 2018 from State Law Office, as indicated in the table below. Please compare the amounts disbursed with the amounts received by us and forward the completed form to National Treasury and Copy us (**This is based on the revised Annual Financial Reporting Templates for National and County Government Entities**)

Confirmation of amounts received by Kenya Copyright Board as at 30 th June 2018							
Reference number	Date Disbursed	Amounts Disbursed (State Law Office) Kshs) as at 30 th June 2017				Amount Received by (KECOBO) (KShs) as at 30 th June 2017 (E)	Differences (KShs) (F)= (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A+B+C)		
669552	16/08/2017	33,003,000	N/A			33,003,000	
669698	3/11/2017	33,003,000	N/A			33,003,000	
669664	14.02.2018	33,003,000	N/A			33,003,000	
669520	30/04/2018	33,003,000	N/A			33,003,000	
TOTAL		132,012,000				132,012,000	

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

Head of Accounts Department

Name... FREDERICK MUTUKU.....

Signature... .....

date... 10/04/2019.....

Your Sincerely;



Mr. Edward Sigei

Executive Director

Kenya Copyright Board

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

Kenya copyright Board

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APPENDIX III- GENERAL JOURNAL-- REVERSAL OF STALE CHEQUES

Trans #	Type	Date	Num	Name	Memo	Account	Class	Debit	Credit
3,920	General Journal	03/31/2019	689		reversing STALE CHEQUES 2017/2018 AUDIT	0001090 - CASH AT BANK		5,431.00	
					reversing STALE CHEQUES 2017/2018 AUDIT	3111002-COMPUTER & PRINTERS			5,431.00
					reversing STALE CHEQUES 2017/2018 AUDIT	0001090 - CASH AT BANK		5,690.00	
					reversing STALE CHEQUES 2017/2018 AUDIT	2210502-PUBLISHING &PRINTING SE			5,690.00
					reversing STALE CHEQUES 2017/2018 AUDIT	0001090 - CASH AT BANK		310.00	
					reversing STALE CHEQUES 2017/2018 AUDIT	2210502-PUBLISHING &PRINTING SE			310.00
					reversing STALE CHEQUES 2017/2018 AUDIT	0001090 - CASH AT BANK		785.00	
					reversing STALE CHEQUES 2017/2018 AUDIT	2110308-MEDICAL ALLOWANCE			785.00
					reversing STALE CHEQUES 2017/2018 AUDIT	0001090 - CASH AT BANK		5,000.00	
					reversing STALE CHEQUES 2017/2018 AUDIT	2210821- Director Allowances			5,000.00
								<u>17,216.00</u>	<u>17,216.00</u>
								<u>17,216.00</u>	<u>17,216.00</u>