

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 APR 2025	DAY: Tuesday
TABLED BY:	Hon. Julius Melly, MP on behalf of LOM
CLERK-AT-THE-TABLE:	Benson Inzafu.

OF

THE AUDITOR-GENERAL

ON

ANTI-COUNTERFEIT AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2024

**ANTI-COUNTERFEIT AUTHORITY (ACA)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**anti
counterfeit
authority**
Upholding Authenticity

ANTI-COUNTERFEIT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

ANTI-COUNTERFEIT AUTHORITY (ACA)
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FOR THE YEAR ENDED JUNE 30, 2024

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

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

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

The Authority falls within the Ministry of Investment Trade and Industry (MITI) that is mandated to provide a policy framework and an enabling environment for trade, investment and industry development in Kenya. The Ministry is expected to play a key role in the realization of Kenya Vision 2030 whose goal is to make Kenya a newly industrializing, middle-income economy by the year 2030. To achieve this goal, the economy is expected to grow at 10% per annum. Six economic sectors have been identified to generate this growth. These are tourism, agriculture, manufacturing, wholesale and retail trade, business process outsourcing and financial services. The Authority has mandate to enlighten and inform the public on matters relating to counterfeiting, combat illicit trade and other dealings in counterfeit goods, devise and promote training programs and co-ordinate with national, regional or international organizations involved in combating counterfeiting. The Authority is also expected to advise the Government on policies and measures to support, promote and protect intellectual property rights.

(b) Principal Activities

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

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

Vision

A counterfeit-free Kenya

Mission

Promote legitimate trade through the enforcement of Intellectual Property Rights.

Strategic Objectives

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

(c) Key Management

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

No.	Designation	Name
1.	Chairperson, Board of Directors	Hon. Josphat Kabeabea
2.	Board of Director	Mrs. Esther Ngari
3.	Board of Director	Ms. Magdalene Munyao
4.	Board of Director	Mr. Julius Chege Macharia
5.	Board of Director	Mr. Joel Bett
6.	Board of Director	Ms. Scholastica Mbilo
7.	Board of Director	Mr. Anthony Mwangi
8.	Board of Director	Mr James Wang'ombe
9.	Board of Director	Mr. Oliver Konje
10.	Board of Director	Mr. Karanja Njora
11.	Board of Director	Hon. Neddy Kiptoo
12.	Board of Director	Ms. Noreen Kanyua
13.	Executive Director	Dr. Robi Mbugua Njoroge
14.	Director Legal Services and Corporation Secretary	Mr. Johnson Adera
15.	Director Research, Planning and Public Awareness	Dr. John Akoten
16.	Director Corporate Services	Ms. Rephah Kitavi
17.	Director Enforcement	Mr. Yussuf Osman Ahmed
18.	Director Internal Audit and Risk Assurance	Mr. Douglas Nyangaresi
19.	Deputy Director, Education and Public Awareness	Mrs. Agnes Karingu
20.	Deputy Director, Human Resource and Administration	Mrs. Mary Mwinga
21.	Deputy Director, Legal Services	Mr. Naylor Mukofu
22.	Deputy Director, Enforcement	Mr. Lindsay Kipkemoi
23.	Deputy Director, Planning and Quality Assurance	Ms. Nelly Chepnetich
24.	Deputy Director, Research and Policy	Mr. Henry Omusundi Maina

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

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

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

(f) Entity Headquarters

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



(g) Entity Contacts

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

(h) Entity Bankers

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

(i) Independent Auditor



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

(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

The Board of Directors of the Authority are:

1.	 <p>Hon. Josphat Gichunge Mwirabua Kabeabea Chairperson, Board of Directors</p>	<p>Hon. Josphat Kabeabea has a long outstanding career in industrial leadership and transformation of organisations with over 20 years' experience. He was born in 1975.</p> <p>He holds a Master of Science from the Makerere University. He has a background in Micro-enterprise Development, leadership, governance and policy development.</p> <p>He worked in micro industrial technology transfer programme project by World bank and Ministry of Labour.</p> <p>Hon. Kabeabea served as a Member of Parliament for Tigania East Constituency building capacity in budget making, oversight and leadership of the constituency.</p> <p>He has wealth of knowledge ranging from the real estate, distribution and manufacturing.</p>
2.	 <p>Mrs. Esther Ngari Managing Director, Kenya Bureau of Standards (KEBS)</p>	<p>Mrs. Esther Ngari, has Masters in Business Administration from Jomo Kenyatta University of Agriculture and Technology. She was born in 1973.</p> <p>Also holds a Certificate from Chartered Institute of Purchasing and Supplies-United Kingdom.</p> <p>She has been the Director for Standard Development and Trade at KEBS in addition to a Quality Assurance, Research and Development Manager at Kenya Meat Commission.</p> <p>She is the Managing Director, Kenya Bureau of Standards (KEBS) and became a Board Member of ACA effective 19th May 2023.</p>
3.		<p>Mr. Bett holds a Master's Degree in Economics and a Bachelor's Degree in Economics both from the University of Nairobi. Additionally, he has also attended various management courses including Strategic Leadership Development, Senior management training, Good Governance,</p>



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



Project Management, M&E and Public Sector Financial Management both within and outside Kenya. He was born in 1978.

Mr. Joel K. Bett is a career public servant with extensive experience in public financial management, economic policy, and strategic planning. Currently the Programme Coordinator at the Public Financial Management Reform Secretariat-National Treasury, he has played key roles in advancing Kenya's PFM reforms agenda that aims to achieve a public financial management system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development.



His nearly two decades career as an Economist includes working at the former Ministries of Co-operatives Development, Industrialization and currently the National Treasury where he has served in various roles. His contributions have been instrumental in shaping Kenya's fiscal and economic policies, particularly in the areas of public finance management and economic development.

As the Programme Coordinator of the PFM reforms programme, Mr. Bett is responsible for the strategic leadership and coordination of PFM reforms at both levels of Government. The reforms centers on issues of revenue mobilization and fiscal space, strategic prioritization and public investments, cash management, value for money in procurement and HR, financial reporting and audit & oversight. Mr. Bett has also played a significant role in the automation of key processes within the PFM reforms Secretariat, which is in line with the Government's BETA agenda on digitalization. Mr. Bett's extensive experience also includes involvement in public expenditure and financial



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		<p>accountability assessments, monitoring evaluation and reporting and also working in collaboration with international organizations and development partners. His commitment to public service as well as contributions to the formulation of key regulatory frameworks and systems that govern Kenya's public financial management sector continue to play significant role in defining public financial management reforms in Kenya for sustainable economic development.</p>
4.	 <p>Scholastica Mbilo Representative of the Attorney General</p>	<p>Scholastica Mbilo is a highly skilled attorney with over 17 years in-depth knowledge and experience in public law litigation, democracy, governance and employment matters. She was born in 1980. She is a certified mediator and a Certified Secretary.</p> <p>Her core values include professionalism, integrity and accountability. She is currently a Deputy Chief State Counsel working with the Office of the Attorney General and Department of Justice.</p>
5.	 <p>Mr. Julius Chege Macharia Representative of Commissioner General Kenya Revenue Authority</p>	<p>Mr. Chege Macharia is currently the Deputy Commissioner for Border Control and Enforcement at Kenya Revenue Authority (KRA). He was born in 1967.</p> <p>He holds a Master's Degree in Sociology (Criminology) from the University of Nairobi and a Bachelor's degree in Human Resource Management from Kenyatta University.</p> <p>Prior to this deployment, Mr. Macharia was a Chief Manager in the Intelligence and Strategic Operations Department in KRA. He has also worked for the Directorate of Criminal Investigations (DCI) as a Chief Inspector. During his tenure at the DCI, he gained extensive experience in fraud investigations, intelligence collection, enforcement skills and presentation of evidence before Court.</p> <p>As the Deputy Commissioner in charge of Border Control and Enforcement, he is</p>

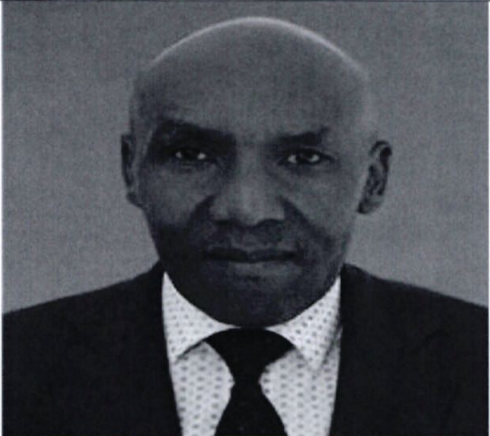
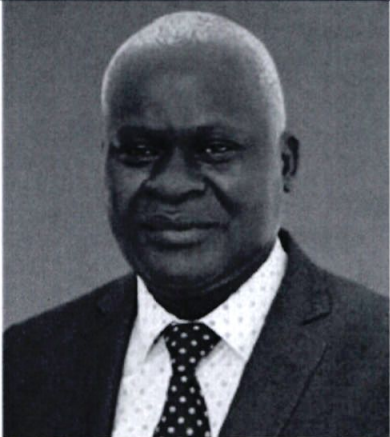
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		spearheading initiatives geared towards enhancing security and border protection within the country such as the acquisition and deployment of drones for surveillance along the borders and also for supporting marine operations, initiating a K9 Centre that will include K9 breeding and training.
6.	 <p>Mr. Karanja Njora Representative, PS State Department of Industry</p>	<p>Mr. Karanja Njora, holds a Masters of Arts in Public Administration and Management from Mount Kenya University. He was born in 1965.</p> <p>He has worked at Senior Public Administration level for over 17 (years) as a Senior District Officer, District Commissioner and County Commissioner. He currently works at the State Department of Industry as the Secretary Administration.</p>
7.	 <p>Mr. Antony Mwangi CEO, Kenya Association of Manufacturers (KAM)</p>	<p>Mr. Mwangi has a Masters Degree in public management from Strathmore Business School, a Bachelor’s degree from University of Nairobi and a certificate of Public Policy from New York University (NYU). He was born in 1974.</p> <p>He is an accomplished professional in governance & regulatory Affairs, public policy, communication, stakeholder management and business development across various industries in transportation, ICT, aviation and Oil & Gas.</p> <p>He was the CEO at Kenya Association of Manufacturers (KAM) in the reporting period.</p>



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<p>8.</p>	 <p>Hon. Neddy Kiptoo Independent Board Member</p>	<p>Hon. Neddy holds a Bachelor’s Degree (Education Arts) from the University of Nairobi, and a Primary Teacher Education Certificate from Eregi Teachers’ College. She was born in 1983</p> <p>She has also undertaken several leadership skills and governance trainings. She was a member of the County Assembly of Elgeyo Marakwet from 2013-2022. Also involved with overseeing the County Government of Elgeyo Marakwet as a member of Public Accounts and Investment Committee, she was the Vice Chair of the Economic and Finance Committee, where she served with distinction. She has been engaged in fighting against underage pregnancies, female genital mutilation, early marriages, drug and substance abuse amongst the youth. She is a great ground resource mobiliser for women and youth empowerment in the community. She became a member of the Board in September 2023.</p>
<p>9.</p>	 <p>Ms. Noreen Kanyua Representative Inspectorate of State Corporations</p>	<p>Noreen has graduated from the United States International University-Africa with a Bachelor’s degree in International Relations and moved on to pursue an Executive Masters in Organisational Development from the same institution. She is currently pursuing a Doctorate in Philosophy (Ph.D.) in Project Management. She was born in 1983.</p> <p>Ms Noreen Kanyua is an astute Organization Development and Policy Expert who possesses an unwavering commitment to investing in people. She is currently serving as an Assistant Inspector General based at the Inspectorate of State Corporations in the Executive Office of the President of Kenya. She prides herself in setting up efficient workflow processes, monitoring productivity and implementing tactical modifications, aimed at improving the overall effectiveness of the personnel in all her assignments.</p> <p>Noreen has a stellar record of managing successful and impact-filled programmes throughout her professional career.</p>


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		<p>She has demonstrated exceptional expertise in Project and Change Management, Governance, Corporate Communication, Knowledge and Performance Management and Consultancy underscored by 15 years in humanitarian projects, communication strategy, operations, stakeholder management and intermittently providing high level support to management teams. She was appointed in November 2023.</p>
10.	 <p>Mr. James Wang'ombe Representative of Inspector General of State Corporations</p>	<p>Mr Wang'ombe is an Economist by profession, he holds a Masters in Business Administration and he is member of Information System Audit and Control Association (ISACA). He was born in 1963. He has over 30 years of experience in Public Service having served in the planning and oversight sectors. He is currently a Deputy Inspector with the Inspectorate of State Corporations. He served until 14th November 2023.</p>
11.	 <p>Mr. Oliver Konje Representative Ministry of Investment Trade and Industry (MITI)</p>	<p>Mr. Konje has been an alternate Director at EPC and later at KEPROBA. He was born in 1963. Appointed Co-Chair with SCAC to Merge Export Promotion Council and Brand Kenya Board to form Kenya Export Promotion and Branding Agency (KEPROBA), which was very successful and thereafter, appointed by the Office of President to be part of the team to Merge 5 State Corporation Agencies; KEPROBA, Kenya Yearbook, Kenya Investment Authority and Kenya Tourism Board in 2021. In 2022 appointed to Merger Implementation Committee by Office of the President to Merge KEPROBA, KTB and Tourism Research Institute to form Promotion Kenya. Mr. Konje handles trade negotiations Bilaterally, Regionally and Multilaterally,</p>

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		<p>promotes Trade activities and Development of Trade Policies. He served as a board member until 14th December 2023.</p>
12.	 <p>Magdalene Nzisa Munyao Independent Board Member</p>	<p>Magdalene is an Expert in Intellectual Property Law and Anti-Counterfeiting with 21 years working experience in both Private and Public Sector. She was born in 1976. She holds an MBA and Bachelor of Laws both from the University of Nairobi, Post Graduate Diploma from Kenya School of Law and is Commissioner for Oaths and Certified Public Secretary.</p> <p>Magdalene has had a Trans-National career in Legal, Brand Protection and Anti-Counterfeiting covering 9 countries within Africa with 15 years at Senior Management level. She was the first Director- Enforcement and Legal Services at the inception of the Anti-counterfeit Agency.</p> <p>Magdalene has previously served as a Board Director at the Kenya National Trade Corporation Board as well as Corporation Secretary at the National Aids Control Council. She also served as the Chairperson of the Anti-Counterfeiting Committee of the Kenya Association of Manufacturers for 7 years.</p> <p>She served as a board member until 15th September 2023.</p>
13.	 <p>Dr. Robi Mbugua Njoroge</p>	<p>Dr. Robi Mbugua Njoroge has over 20 years' experience gained in both public and private sectors. He was born in 1974. Previously, Dr. Njoroge served as the Chief Executive Officer of Kenya Association of Music Producers (KAMP). He has also served as board member of the Media Council of Kenya (MCK and Public Relations Society of Kenya (PRSK).</p> <p>Dr. Njoroge holds a PhD degree from Kenyatta University; a Master's degree in Intellectual Property (MIP) from Africa University, Zimbabwe; a Bachelor of law (LLB) from Mount Kenya University and Bachelor of Education (Arts) from Egerton</p>

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	Executive Director	University and a post Graduate Diploma in Mass Communication. He is an Advocate of the High Court.
14.	 <p>Mr. Johnson Adera Director- Legal Services and Corporate Secretary</p>	<p>Johnson Adera is an Advocate of the High Court with over 20 years in-depth knowledge and experience in Intellectual property law litigation, civil and criminal litigation, governance and employment matters. He was born in 1976. He holds a Masters in Law, A Bachelor's Degree in Law and a Post Graduate Diploma in Law. He is a Certified Secretary and a member of Law Society of Kenya and Institute of Certified Secretaries.</p> <p>He is currently the Director Legal Services and Corporation Secretary.</p>

4. KEY MANAGEMENT TEAM




The management team is comprised of the following:

	Name of the Staff	Responsibility
1.	 <p>Dr. Robi Mbugua Njoroge Executive Director Ph.D. M.A. in Communication Studies Master's in Intellectual Property (MIP) LLB, B.Ed</p>	<p>The Executive Director is responsible to the Board in implementing the Authority's Policy on fighting Counterfeiting; managing day to day activities of the Authority; and identifying, formulating and recommending strategic issues to the Board.</p>
2.	 <p>Dr. John Akoten Director- Research, Awareness, Policy and Quality Assurance PhD, MSc, BSc</p>	<p>Dr. Akoten is responsible for: Coordinating development of short-term, medium-term and long-term institutional strategies. Coordinating of internal and external research, awareness programs in the Authority, and participating in the training of high-level delegations. Also liaising with the relevant ministries and institutions to develop and review curricula on Intellectual property rights at all levels of education; Developing of proposals for donor funding; Coordinating development of a robust performance management system and overseeing implementation of performance contracts as well as their monitoring and evaluation at all levels & Coordinating development of systems, policies and QMS procedures.</p>




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<p>3.</p>	 <p>Mr. Johnson Adera Director- Legal Services & Corporation Secretary LLM, LLB, CS(K)</p>	<p>Mr. Adera is responsible for coordinating the preparation of respective board papers. Initiating policy research on legal issues, Reviewing legal documents/instruments, opinions and briefs. Taking legal actions where necessary to protect the interests of the Authority in pursuance of its mandate; Liaising with external law firms on litigation involving the Authority either in pursuance of its mandate or other claims; Providing legal counsel on legal and legislative issues impacting on the Authority; Providing legal support and services to the programmes in which the Authority will be involved and advising the Authority on legal issues; Coordinating prosecution of cases arising out of Enforcement of the Act; and carrying out the roles and responsibilities of Corporation Secretary as detailed in Mwongozo.</p>
<p>4.</p>	 <p>Ms. Rephah Kitavi Director- Corporate Services Msc. Finance, BA (Econ), CPA (K), CISA</p>	<p>Ms. Kitavi is responsible for Coordinating and overseeing recruitment, selections and promotions; Designing and implementing of an Accounting and Financial management system; Ensuring prudent management of financial, human and physical resources of the Authority; Coordinating the development and overseeing implementation of the Authority's Corporate Communication Strategy and oversee its implementation and Coordinating the branding of the Authority and it's promotion both locally and internationally.</p>
<p>5.</p>	 <p>Mr. Yussuf Osman Ahmed Director – Enforcement Master, Intellectual Property Rights, B Ed. (Science),</p>	<p>Mr. Osman coordinates the development and implementation of short-term, medium-term and long-term institutional strategies in enforcement.</p> <p>Coordinating the preparation of respective board papers; Supervising, training and developing the staff in the department; Coordinating and supervising field enforcement services; Overseeing preparation of work plans and budgetary proposals and proper management of the resources allocated to the department;</p>

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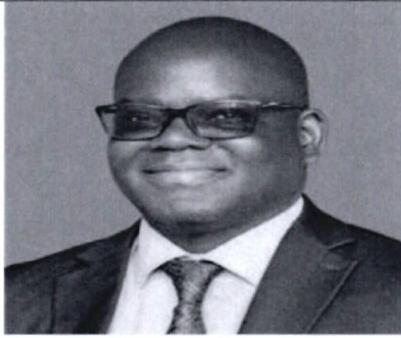
	Diploma Intellectual Property Rights	
6.	 <p>Mr. Douglas Nyangaresi Director- Internal Audit & Risk Assurance Msc. Finance, BSc, CPA (K)</p>	<p>Mr. Douglas coordinates the preparation of respective board papers; Oversees the development and continuous review and assessment of the internal audit and corporate risk management strategies, policies, guidelines, procedures and frameworks; Provides leadership in the establishment and implementation of an integrated internal audit system in accordance with Sec 73 of the Public Finance Management Act 2012 and International Auditing Standards.</p> <p>He served the Authority until December 2023.</p>
7.	 <p>Mrs. Agnes Karingu Deputy Director- Education and Public Awareness MBA, BSc</p>	<p>Mrs. Karingu is responsible for development of training manuals, brochures, pamphlets and other publications on counterfeit matters; organizing and conducting regular awareness workshops and information sessions for the public in order to sensitize them on the dangers of counterfeit products.</p>
8.	 <p>Mr. Naylor Mukofu Deputy Director- Legal services Advocate of the High Court, LLM, LLB</p>	<p>Mr. Mukofu is responsible for advising on amendment and drafting of legislation in relation to the Authority, negotiation and drafting of commercial contracts, international agreements, treaties and protocols on behalf of the Authority. Further, he is responsible for the provision of legal support and counsel and/or legal advice on all matters involving the Authority as well as ensuring creation of an enabling legal and regulatory framework and protection of the Authority's property and interests.</p>

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<p>9.</p>		<p>Mrs. Mwinga is responsible for Developing and reviewing on a continuous basis the training policies for staff to ensure relevance and adherence to the laid down policies and guidelines.</p> <p>Coordinating recruitments, appointments and promotions exercises; upholding staff discipline and secretary to the disciplinary committee; Establishing and maintaining a registry for proper storage of the Authority’s documentation and files; Formulating and reviewing on continuous basis terms and conditions of service and Coordinating transport activities for the Authority both internal and overseas.</p>
<p>10.</p>		<p>Mr. Kipkemoi enforces measures aimed at combating counterfeiting and any other dealings in counterfeit goods by ensuring effective and efficient investigations, reviewing investigation files, acting on complaints from the owners of IPRs and ensuring support for prosecution of cases by availing witnesses and exhibits.</p>
<p>11.</p>		<p>Ms. Nelly is in charge of Coordinating development of a robust performance management system and oversee implementation of performance contracts as well as their monitoring and evaluation at all levels.</p> <p>She assists in preparation of board papers; Coordinating preparation of quarterly and annual performance contract reports; Coordinating development of systems, policies and quality management systems (QMS) procedures; Coordinating the planning process and monitor implementation of corporate plans and strategies;</p>

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12.



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

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

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

Carry out collaborative research with industries and other stakeholders on the aspects of counterfeiting;

Ensure preparation of quarterly, biannual and annual implementation reports;

5. CHAIRMAN'S STATEMENT

In my previous ACA Annual Report and Financial Statement message, I expressed confidence that the financial year ending 30th June 2024 would be one of remarkable progress for the Anti-Counterfeit Authority. Today, I am pleased to present this year's report, which demonstrates our successful delivery on our mandate to protect intellectual property rights in Kenya. On behalf of the Board of Directors, I am proud to highlight our achievements and strategic initiatives during this pivotal period. The Anti-Counterfeit Authority (ACA) remains steadfast in its commitment to safeguarding intellectual property rights across Kenya. This financial year was marked by our strategic focus on enhancing enforcement, deepening stakeholder engagement, and advancing our digital transformation agenda. Our mission to promote legitimate trade, which is crucial for fostering a counterfeit-free environment conducive to economic growth, has been at the forefront of all our efforts.

Performance Overview

During this period, ACA achieved significant milestones, including the absorption of 89.1% of allocated funds, underscoring our commitment to prudent financial management. Our public outreach activities exceeded expectations, with 33 events conducted—surpassing our targets and significantly increasing public awareness about the dangers of counterfeiting. Our ongoing digitization efforts have further streamlined service delivery, making critical services more accessible to all stakeholders.

A key highlight of the year was the successful hosting of the second International Symposium on IP Protection and Enforcement (ISIPPE-2). This event brought together policymakers, judicial officers, law enforcers, industry experts, research scholars, students, media practitioners, and others, fostering productive discussions on intellectual property matters within the region.

Strategic Direction

Our Boards plays a key role in giving strategic directions towards the implementation of ACA's third Strategic Plan (2022-2027), which is aligned with the Kenya Kwanza Bottom-Up economic development agenda, the African Development Agenda 2063, the National Action Plan to Combat Illicit Trade, the third Medium-Term Plan, and Vision 2030.

The ACA Strategic plan places a strong emphasis on re-engineering enforcement strategies, fostering data-driven decision-making, and enhancing institutional capacity. These efforts are critical in maintaining our momentum and ensuring that ACA remains at the forefront of intellectual property protection in Kenya.

Given the complexity of counterfeiting and illegal trade, we continue to adopt a multifaceted approach to fulfill our mandate. By implementing a "whole-of-government approach," we will continue to strengthen our collaboration with key government agencies. Additionally, our partnerships with private and non-profit organizations, including development partners and consumer groups, are vital in protecting public health and safety while bolstering the Kenyan economy against unfair trade practices.

Risk Management

To effectively manage and mitigate risks that could impact our activities, the Authority adheres to a robust Risk Management Policy and Framework. We have established various risk registers—

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including Strategy Implementation Risk, Financial Risk, Business Continuity Risk, and Reputational Risk—that are closely monitored and evaluated on a quarterly basis. This proactive approach enables us to identify potential risks, implement mitigating actions, and anticipate outcomes effectively.

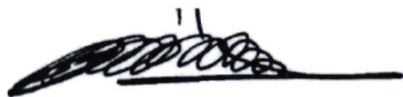
Future Outlook

As we embark on the new financial year, our focus will be on consolidating the gains made, further strengthening our enforcement capabilities, and expanding our outreach programs. We will continue to leverage partnerships both locally and internationally to ensure that ACA remains a trusted authority in the fight against counterfeiting.

We are particularly excited about the full automation and digitalization of our core operations through the Anti-Counterfeit Integrated Management System (AIMS). This system will fully automate enforcement and case management, depot management, and intellectual property rights recording for imports into Kenya. It will also include the full implementation of the Recordation of IPR for imports across all HS Codes, enhancing our ability to deter counterfeit imports and generate revenue for organizational sustainability.

Acknowledgments

I extend my sincere gratitude to the Ministry of Investments, Trade, and Industry, for the unwavering support. I also wish to thank the ACA Board, management, and staff for their dedication and hard work. Lastly, I express my appreciation to our stakeholders for their continued cooperation, which is crucial to our success.



.....
Hon. Josphat Kabeabea
Chairman of the Board of Directors
Anti-Counterfeit Authority

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction

The financial year ending on 30th June 2024 marked a period of significant progress for the Anti-Counterfeit Authority (ACA). Guided by our 2022-2027 Strategic Plan, which is anchored on four key pillars—strategic repositioning, re-engineering effective enforcement of intellectual property rights, fostering data-driven planning, and enhancing institutional capacity and sustainability—we made remarkable strides in fulfilling our mandate.

Operational Achievements

In the past year, ACA exceeded its targets in several key areas. Notably, we conducted 33 public outreach activities, surpassing our target of 20. These efforts have been crucial in raising public awareness and reducing the demand for counterfeit goods. Our enforcement activities were bolstered by intelligence-led inspections, leading to the seizure, prosecution, and destruction of counterfeit goods valued at Kshs 316.5 million. This underscores our relentless commitment to protecting both the public and legitimate businesses from the adverse effects of counterfeiting.

To address the complexities of counterfeiting and illicit trade, we continued to foster a collaborative, multi-agency approach. By working closely with national, regional, and international law enforcement agencies, we have been able to effectively combat counterfeit activities through shared resources, intelligence, and expertise. Our public outreach and stakeholder engagement efforts have been instrumental in reaching key groups, including County Security Committees, County Business Communities, and the private sector, with the message of the dangers of counterfeiting.

Traditional media coupled with digital media and other communication efforts have also been crucial, leading to a notable increase in public awareness of the dangers of counterfeit goods, from 66% to 67.8%. Additionally, in compliance with Presidential Directives on the digitization of government services, we accelerated our adoption of ICT solutions, re-engineering two key business processes—Recordation and Import Permit application—and integrating those services onto the e-Citizen platform. This digitization has significantly enhanced the efficiency, accessibility, and convenience of our services.

In line with Government affirmative action initiatives, we allocated Kshs 60 million to youth, women, and persons with disabilities through Access to Government Procurement Opportunities (AGPO), surpassing our target of Kshs 38 million.

The successful hosting of the second International Symposium on IP Protection and Enforcement (ISIPPE-2) was another key highlight of the year. This event brought together over 500 policymakers, judicial officers, law enforcers, industry experts, research scholars, students, and media practitioners from around the world, fostering productive discussions on IP matters and contributing to our goal of enhancing data-driven decision-making.

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Financial Performance

ACA's financial stewardship during the year was characterized by prudent management of resources, achieving an 89.1% absorption rate of allocated funds. Additionally, we successfully raised Kshs 236.4 million through Import Permits, Recordation fees, and other Appropriation-in-Aid (AiA) sources, exceeding our financial targets. Notably, the Authority had no pending bills at the end of FY 2023/2024.

Amid increased budget cuts, our enhanced capacity to raise revenue is vital for bolstering institutional sustainability and supporting the continued operations of the Authority. Moving forward, we remain committed to financial sustainability and responsible resource management, ensuring that we execute our mandate efficiently.

Risk Management and ISO Compliance

ACA recognizes the importance of maintaining robust internal processes and ensuring compliance with industry standards. We have implemented comprehensive risk management practices and ISO compliance activities across the organization, integrating these into our organizational culture to ensure stability and excellence in service delivery.

Our commitment to ISO standards, which are internationally recognized benchmarks for quality management, underscores our dedication to providing consistent, high-quality services to our stakeholders. By embedding these practices into our operations, we create a strong foundation for achieving our strategic objectives and maintaining our status as a trusted authority in combating counterfeiting and protecting intellectual property rights.

Future Outlook

As we enter a new financial year, our focus will remain on enhancing collaboration with stakeholders across both public and private sectors. Productive engagement with these groups is essential to promoting and protecting intellectual property rights, particularly through the rapid deployment of critical technologies.

The positive reception of the IPR Recordation System will be vital in combating counterfeit importation and raising additional funds to support the Authority amid constrained exchequer funding. To position ourselves as a thought leader and innovative government agency, we aim to strengthen our market research capabilities, enabling data-driven decision-making in executing our mandate in the face of evolving international crime related to IP theft.

Appreciations

The achievements of the past year would not have been possible without the support of our stakeholders. I extend my heartfelt appreciation to the Chairman, Board of Directors, management, and staff of the Anti-Counterfeit Authority for their unwavering dedication and hard work.

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I also wish to thank our public and private sector stakeholders, development partners, and especially the Ministry of Investment Trade and Industry and the National Treasury and Planning for their continued funding and policy support. Special thanks go to the World Intellectual Property Organization and Diplomatic Missions for their valuable support during the 2023-2024 financial year, particularly in hosting the ISIPPE-2 conference and other joint activities.

We look forward to continued engagement and collaboration in our shared goal of achieving a “Counterfeit-Free” Kenya and making our country a destination of choice for investment.



.....
Dr. Robi Mbugua Njoroge
Executive Director/Chief Executive Officer

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2023/2024**

Anti-Counterfeit Authority has four (4) key result areas and six (6) strategic objectives within the current Strategic Plan for the FY 2023/24- 2027/28. These key result areas are as follows:

Key Result Area 1: Enhance strategic repositioning;

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

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

Key Result Area 4: Enhance institutional capacity and sustainability.

The Authority develops its annual work plans based on the above key result areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2023/2024 period for its four (4) key result areas, as indicated in the diagram below:

Key Result Area (KRA)	Strategic Objectives	Key Performance Indicators	Initiatives/Activities	Achievements, FY 2023/2024
KRA 1. Enhance strategic repositioning	SO 1.1. To engage with key stakeholders to increase the level of awareness about counterfeiting	Number of outreach activities conducted	Conduct outreach activities	33
		Number of activities carried out	Undertake anti-counterfeit activities in learning institutions	4
	SO 1.2. To build strategic alliances with domestic and international partners	Number of MOUs signed.	Signing of MOUs	1
		Number of collaborative partnerships established	Implement collaborative partnerships (enforcement, awareness & research)	40
KRA 2. Re-engineer and deliver effective enforcement of intellectual	SO 2.1. To enhance IPR compliance	Number of inspections conducted	Conduct general inspections	8,040
		Number of IPR complaints	Register IPR complaints	138
		Number of consumer complaints	Register consumer complaints	300

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Key Result Area (KRA)	Strategic Objectives	Key Performance Indicators	Initiatives/Activities	Achievements, FY 2023/2024
property rights		Counterfeit goods disposed (Kshs)	Dispose counterfeit goods	316,506,684
		Number of IPR applications approved	IPR recorded	272
		Number of agent applications approved	Agent applications approved	10
		Number of permits processed	Import permits processed	73,427
		Number of compounding orders issued	Process compounding cases	156
KRA 3. Foster data-driven planning, research and policy	SO 3.1. To plan and enhance data driven decision making to inform policy, awareness and enforcement	Number of research surveys conducted	To conduct market intelligence surveys	2
		Number of conference reports	Organize a research conference on counterfeiting	1
		Number of papers published	Commission and publish research papers	5
KRA 4. Enhance institutional capacity and sustainability	SO 4.1. To enhance institutional capacity and sustainability	QMS system in place	Implement and maintain a Quality Management System based on ISO 9001	ISO Certification
		Number of staff recruited	To recruit staff	17
		Number of attachés and interns engaged	Engage interns and attachés	56
		Number of staff trained	Staff Training and competence development	102
		Approved risk-based audit programme	Implement a risk-based audit programme	1
		% level of implementation	Revamp the ACA website to make it more interactive	100%
	SO 4.2. To develop a service-level culture	Number of programs implemented	Implement culture programs	5

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The Authority manages performance through a performance management tool which incorporates targets from the performance contract as well as the aligned strategic plan targets for the year under review.

8. CORPORATE GOVERNANCE STATEMENT

Introduction

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

The Board Charter

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

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

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

The Board Size, Composition & Appointment

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

1. The Chairperson from amongst the members appointed by the Cabinet Secretary under number 8 below;
2. The Principal Secretary in the Ministry for the time being responsible for matters relating to trade or his or her representative;
3. The Principal Secretary in the ministry for the time being responsible for matters relating to finance or his or her representative;

4. The Attorney-General or his representative;
5. The Commissioner-General of the Kenya Revenue Authority, who may be represented by the Commissioner of Customs;
6. The Managing Director of the Kenya Bureau of Standards;
7. The Chief Executive of the Kenya Association of Manufacturers or his representative;
8. Two members appointed by the Cabinet Secretary, not being public officers with knowledge on intellectual property rights, consumer protection or trade.
9. The Executive Director of the Authority is an ex officio Member of the Board.

Oversight role of the Board

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

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

The Board is specifically tasked with the following duties: -

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

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(e) Review on a regular basis the adequacy and integrity of the internal controls, acquisition and divestures, management information systems including compliance with applicable laws and regulations;

Board Committees and Responsibilities

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

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

The Following is the list of all Board Committee members;

Finance, Human Resource and General-Purpose Committee	Technical Committee	Legal & Enforcement Committee	Audit & Risk Committee
Joel Bett (Chair)	Anthony Mwangi (Chair)	Esther Ngari (Chair)	Neddy Jeruto Kiptoo (Chair)
Julius Macharia	Scholastica Mbilo	Scholastica Mbilo	Joel Bett
Karanja Njora	Esther Ngari	Julius Macharia	Anthony Mwangi
	Neddy Kiptoo	Karanja Njora	

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Board Meetings

During the year under review the Authority's Board held 8 full board meetings. The Finance, Human Resource & General Purposes committee held 10 meetings; Technical Committee held 4 meetings, Audit & Risk Committee held 4 meetings and Legal & enforcement Committee held 4 meetings.

	Board Member Name	Position (e.g Chairperson, Member, CEO)	Full Board Meetings Sitting Allowance for the Quarter	Finance, Human Resource and General-Purpose Committee	Technical Committee	Legal Enforcement Committee	Audit & Risk Committee	Ad Hoc Meeting (If any)
1	Josphat Kabeabea	Chairperson	7					28
2	Antony Mwangi	Member	7		4		4	3
3	Esther Ngari	Member	5		4	4		1
4	James K. Wang'ombe	Member	2				1	2
5	Joel Bett	Member	7	10			4	10
6	Chege Macharia	Member	6	10		4		13
7	Karanja Njora	Member	7	6		4	2	6
8	Magdalene Munyao	Member	2			1	1	3
9	Neddy Kiptoo	Member	5			3	3	10
10	Noreen Kanyua	Member	3	6			2	3
11	Oliver Konje	Member	4	4	2			8
12	Scolastica Mbilo	Member	7		4	4		12

Notes:

1. Ms. Noreen Kanyua replaced Mr. James Wang'ombe and represents the Inspector General of State Corporations. She joined the Authority in November 2023.
2. Mr. James Wang'ombe served the Authority till 14th November 2023.

3. Mr. Oliver Konje was the representative of the Ministry of Investment Trade and Industry (MITI) who served the Authority till 14th December 2023.
4. Hon. Neddy Kiptoo is an Independent Board Member who replaced Magdalene Nzisa Munyao.
5. Magdalene Nzisa Munyao was Independent Board Member, till 15th September 2023.

Board Remuneration

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

Conflict of Interest

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

Board Induction and Training

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

Board Evaluation

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

Code of Conduct and Ethics

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

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

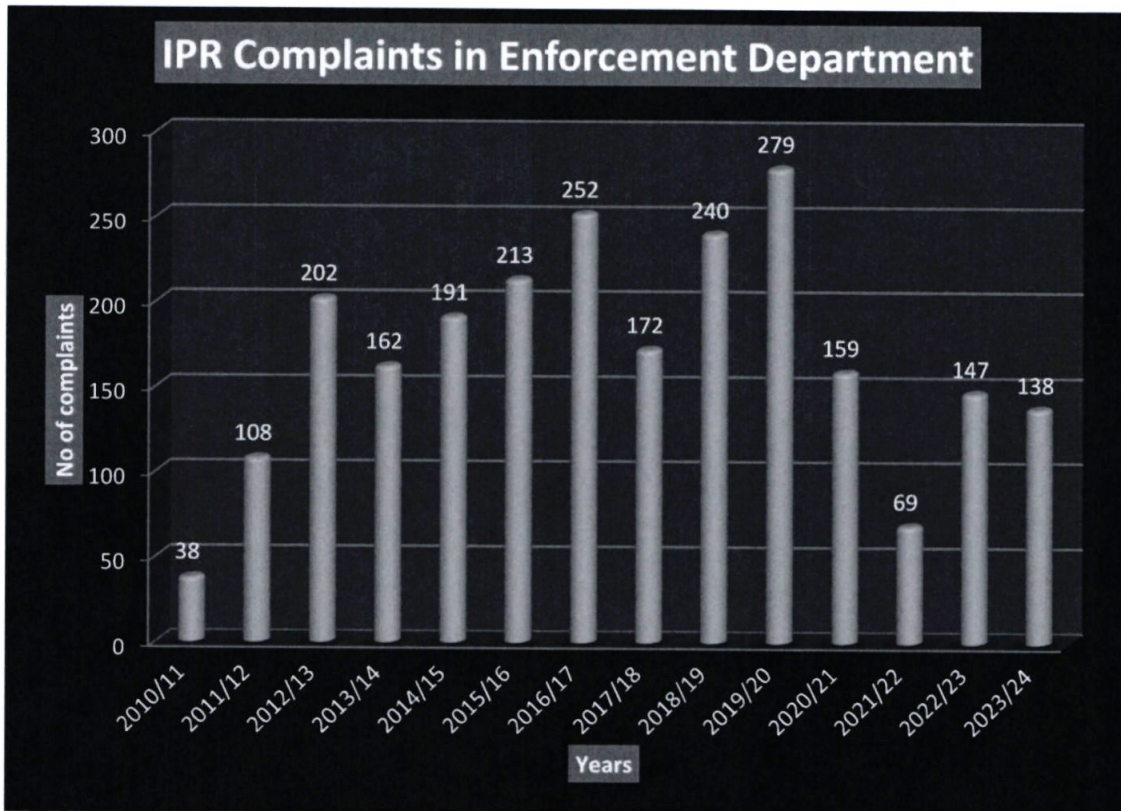
9. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

1.0 ENFORCEMENT

1. Intellectual Property Rights (IPR) complaints

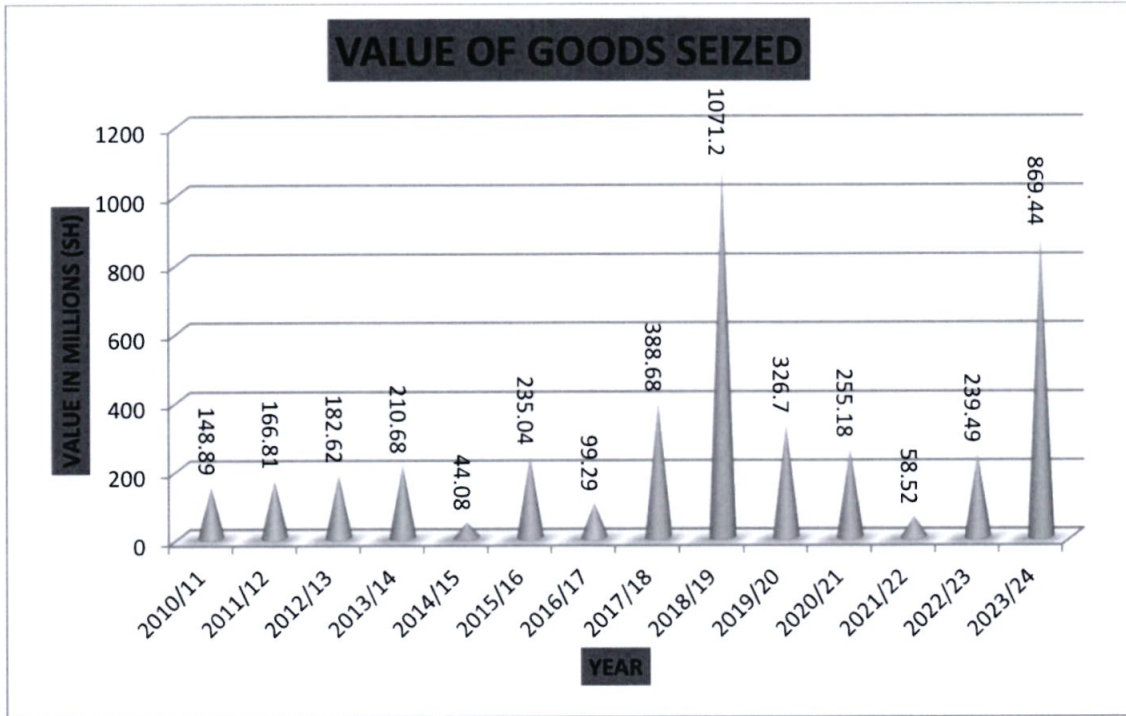
In the reporting period 2023/2024, the Authority received and registered 138 IPR complaints. This was a 6.22% decrease compared to the previous year.



2. Value of Seized Goods

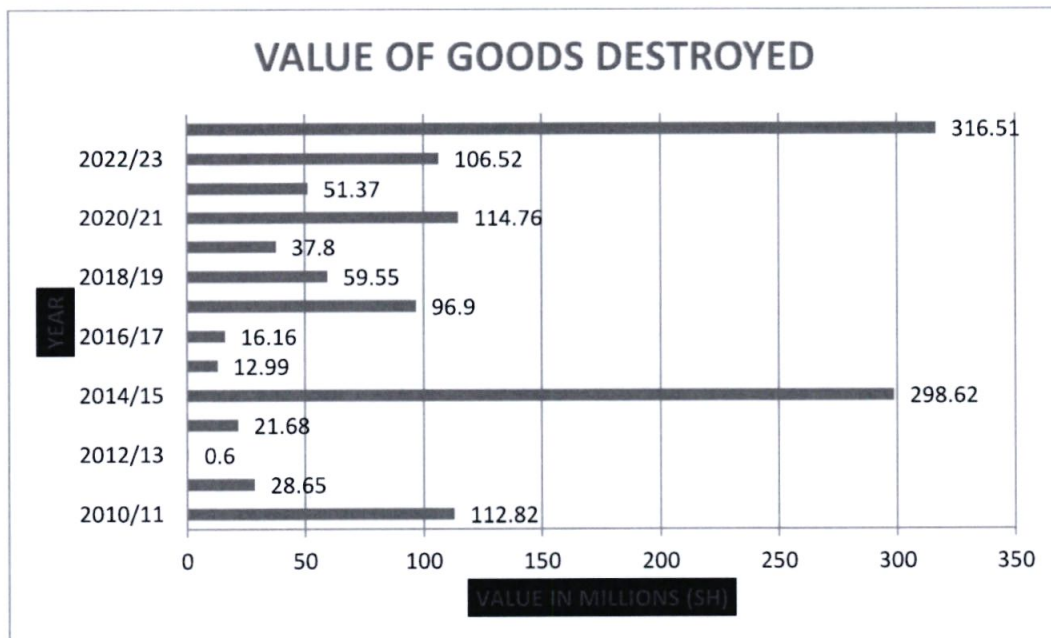
The Authority continues to work toward fulfilling its mandate to seize, dispose and destroy counterfeit goods. In the financial year, the Authority seized goods estimated to be worth Ksh 869,442,383.

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3. Value of Destroyed Goods

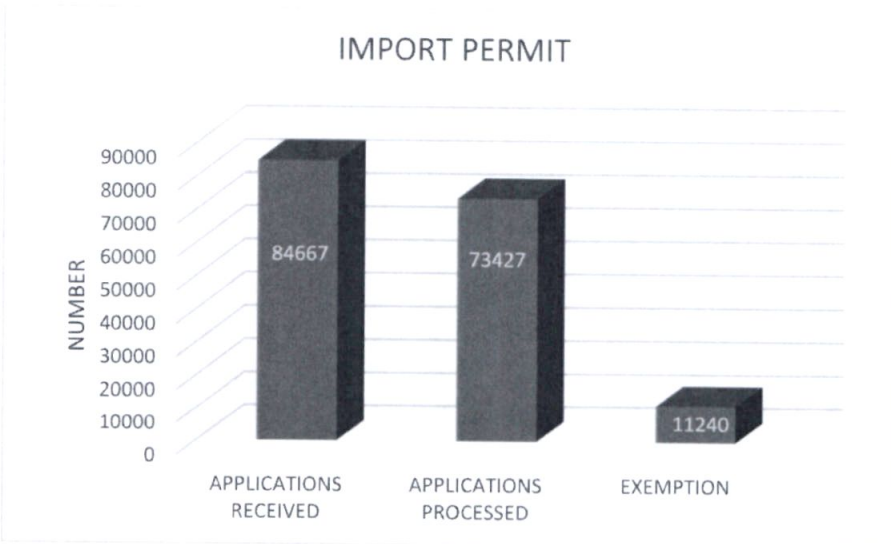
In the reporting period, the Authority destroyed counterfeit goods worth Kshs. 316,506,687 million.



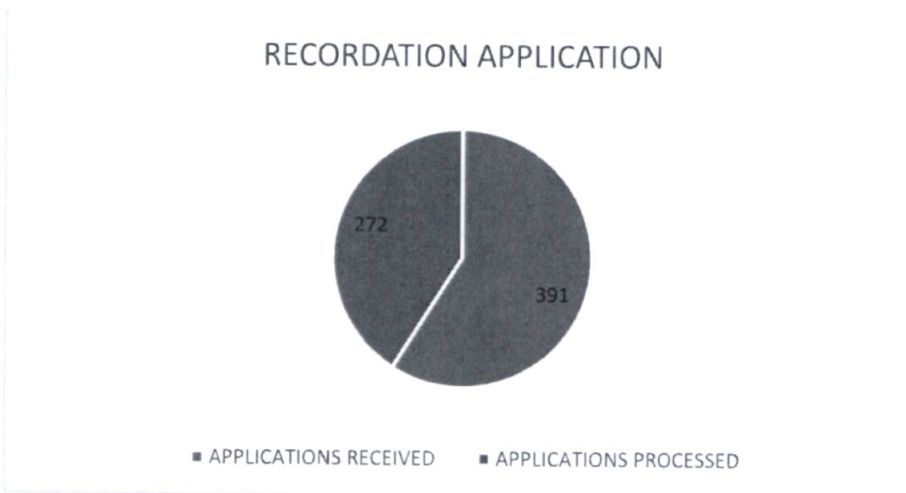
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2.0 RECORDATION AND COMPLIANCE

The Authority received 84,667 permit applications and processed 73,427 applications. This represents 86.7% of the processed applications and 13.3% (11,240) exemptions.

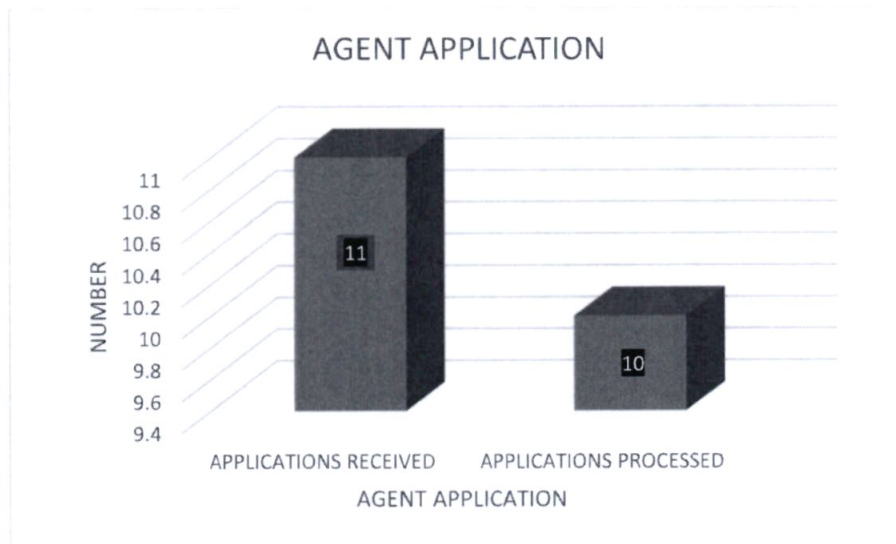


In the FY 2023/24 ACA received 391 recordation applications and approved 272 meaning that 69.57% applications were approved. 30.43% of the applications were not approved as they were either incomplete or required further verification.



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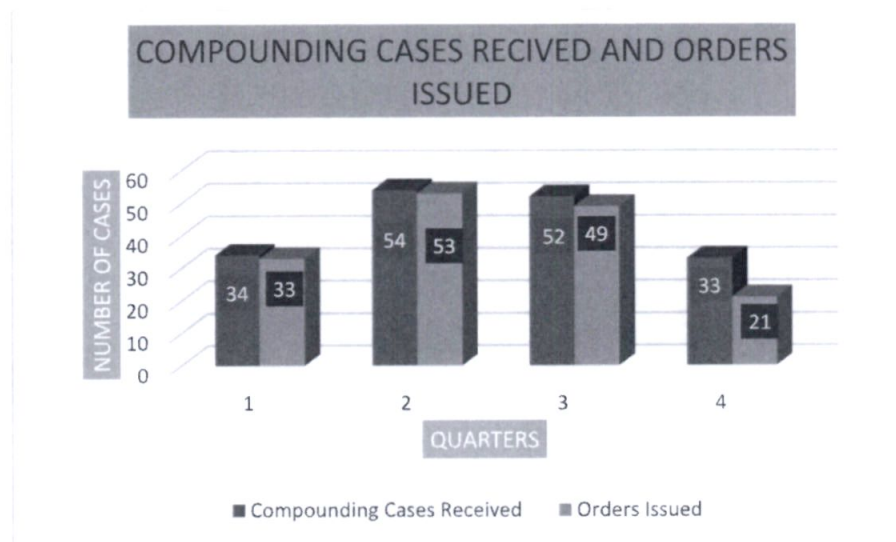
During the FY 2023/24, the Authority received 11 IP agent admission applications and approved 90.9% (10 applications).



3.0 LEGAL SERVICES

1. Compounding Cases Received and Orders issued

The total number of compounding cases received in the financial year 2023/24 were 173 and the orders issued in the four quarters were 156 leading to a success rate of 90.2%. Quarter 2 and 3 had the highest number of compounding cases received and orders issued as show in the graph below.



2. Cases on Intellectual Property Right Infringements

The Anti-Counterfeit Authority has in the last five years registered 147 cases on IPR infringements in courts.



Further, the Authority continues to litigate 33 civil cases and appeals in different courts in the country.

4.0 RESEARCH, POLICY AND PUBLIC AWARENESS

1. Public Awareness

To fulfil its obligation of enlightening and informing the public on matters relating to counterfeiting, it continues to conduct different public awareness and outreach activities with varied outcomes. In the FY 2023/24 the Authority conducted 33 public awareness, this was 22.22% increase from the previous financial year 2022/23.



2. Productive Stakeholder Engagement

To increase the capacity of various stakeholders, the Authority built their capacity with requisite skills and knowledge to deal with counterfeiting issues. The Authority has held fruitful stakeholder

engagements. The Authority carried out 23 activities in fiscal year 2023/24 which was four engagements less compared to the previous reporting period.



3. Research activities

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

In the reporting period, the Authority hosted its inaugural International Symposium on Enforcement and Protection in Kenya. It was attended by over 500 participants including delegations from universities, public and private bodies from Uganda, India, USA and the host country Kenya.

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

- National survey on the extent of counterfeiting in Kenya
- National consumer survey on awareness of counterfeiting in Kenya
- Market intelligence survey to inform policy, awareness, enforcement and strategy
- Customer satisfaction surveys
- Employee satisfaction surveys

Customer satisfaction index

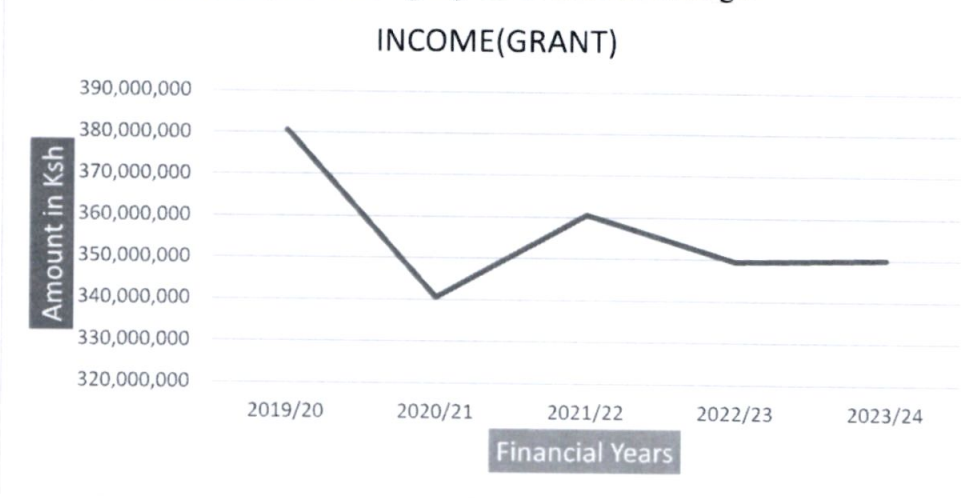
The Authority is committed to serving the public and making sure the services are well delivered. This reporting period witnessed an increase of 5.74% from the previous financial year in customer satisfaction.



CORPORATE SERVICES

1. Government Grants

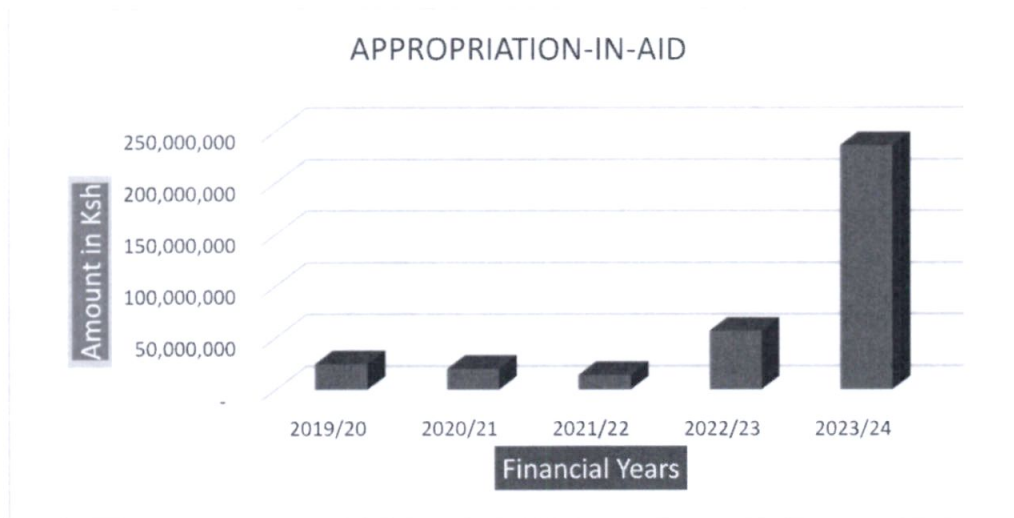
In the last four financial years, the Authority has received grants of Ksh 1,431,089,999. This means on average the Authority received Ksh 357,772,500 per year. However, the last financial year recorded 350,020,000; amount slightly lower than the average.



2. Appropriation-in-Aid (AiA)

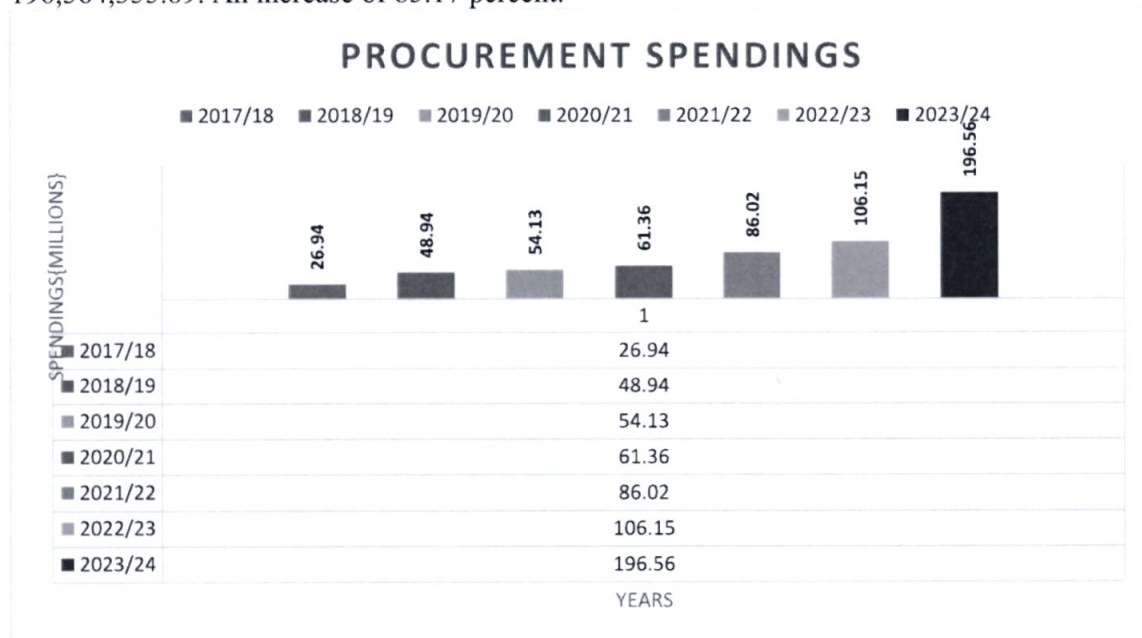
The Authority raises Appropriation-in-Aid (AiA) from fees for recordation and import permit processing, lodging of complaints by the IPR holders or agents and for disposal of counterfeit goods. During the period under review, the Authority raised Kshs. 236.38 million. The amount raised noted a significant increase as the figure grew over 400 per cent from the previous year. The table below shows the income received by the Authority for the last 5 years (the amount is in Kshs.).

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3. Promotion of Local Content in Procurement

The Authority has been implementing the Buy Kenya, Build Kenya policy by procuring goods and services with local content. In fiscal year 2023/24, the value increased from 106.15 million to 196,564,355.89. An increase of 85.17 percent.



4. Youth Internships/Industrial Attachments

The Authority has been offering internship and industrial attachment opportunities to the youth. Within the last three financial years the Authority has offered internship and attachment opportunities to 172 young people and given them an opportunity to learn. The reporting financial year had 36 attaches and 19 interns.



Authority’s Compliance with statutory requirements

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

Risk Management

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

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

Enterprise Risk Management

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

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

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Key Risks

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

Key Risks and Mitigations

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

Material errors in statutory or financial obligations

There are no material errors in statutory or financial obligations.

The Authority's financial probity and serious governance issues

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

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

At the Anti-Counterfeit Authority, we recognize the critical role that environmental sustainability plays in our operations and the broader fight against counterfeiting. Our commitment to sustainability is aligned with national and global priorities, ensuring that our actions contribute positively to the environment and the communities we serve.

At the core of ACA's commitment to sustainability is its Corporate Social Responsibility (CSR) Policy, which serves as a foundational guide to address the critical challenges faced by society. This policy is designed to make a meaningful impact on the communities ACA serves, aligning its efforts with the Sustainable Development Goals (SDGs) to contribute to global development objectives. Through this commitment, ACA aspires to be a responsible corporate entity that plays an active role in advancing sustainable development.

The CSR Policy articulates ACA's strategic approach to fulfilling its social and environmental responsibilities, ensuring that sustainability efforts are deeply embedded within the organization's core operations. This policy ensures that CSR activities are not standalone efforts but are seamlessly integrated into ACA's broader corporate strategy, budget, and work plans. Such integration guarantees that sustainability remains a priority, approached with both long-term vision and a commitment to enduring impact.

Sustainable Strategy and Profile

Our approach to sustainability is multi-faceted, focusing on both the environmental impact of our operations and the sustainability of the measures we implement to combat counterfeiting. This year, our activities included the safe and environmentally friendly destruction of counterfeit goods, ensuring that the disposal process minimizes harm to the environment.

We also integrated sustainability into our operational processes by promoting digital transformation, which reduces paper usage and lowers our carbon footprint. The digitization of our services not only enhances efficiency but also contributes to environmental conservation.

Environmental Performance

The Anti-Counterfeit Authority (ACA) is dedicated to advancing Kenya's commitment to the Sustainable Development Goals (SDGs) through various initiatives that support responsible practices and environmental sustainability.

- **Promoting Industry, Innovation, and Infrastructure (SDG 9):** ACA's efforts to curb counterfeiting directly support industries, investments, and innovation by fostering an environment conducive to genuine investments and creativity. This aligns with SDG 9, which focuses on sustainable industrialization and innovation.
- **Strengthening Global Partnerships (SDG 17):** Through its coordination with other Intellectual Property Rights enforcement organizations, ACA strengthens global partnerships for sustainable development, contributing to SDG 17.
- **Environmental Sustainability:** ACA implements a paperless board solution and an Integrated Management System (AIMS), significantly reducing paper usage and minimizing its ecological footprint.

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- **Climate Action (SDG 13):** By procuring NEMA-certified destruction facilities, ACA ensures environmentally responsible disposal of counterfeit goods, aligning with SDG 13's emphasis on combating climate change.
- **Supporting Zero Hunger and Good Health (SDGs 2 and 3):** ACA's actions against counterfeit trade support resilient agricultural practices and protect public health, contributing to SDGs 2 (Zero Hunger) and 3 (Good Health and Well-being).

Employee Welfare

ACA prioritizes employee welfare, compliance with affirmative action laws, and the creation of a diverse and inclusive workplace. The authority's HR policy supports:

- **Equal Pay and Diversity:** Ensuring fairness and gender equality in pay, embracing diversity across various identities and backgrounds.
- **Recruitment and Welfare:** Transparent hiring practices, generous medical cover, and a supportive work environment.
- **Training and Development:** Ongoing learning and upskilling programs to enhance employee capabilities.
- **Discipline and Rewards:** Balanced sanction and reward systems that promote accountability and recognize achievements.
- **Disability Management:** A dedicated committee to address disability-related matters and foster inclusivity.
- **Safety and Health:** Compliance with the Occupational Safety and Health Act of 2007, ensuring a secure work environment.
- **Succession Planning:** A proactive approach to managing leadership transitions and safeguarding operational continuity.

Marketplace Practices

ACA is committed to maintaining integrity, transparency, and fairness in its operations. The Authority:

- **Combats Corruption:** Dedicated committees address integrity, ethics, and anti-corruption issues, promoting a culture of transparency.
- **Upholds Political Neutrality:** Adheres to the Public Service code of conduct, ensuring impartial operations.
- **Supports Fair Trade:** Fights counterfeiting to promote a level playing field for businesses and safeguard consumer interests.



Caption Brand protection training for law enforcement Agencies

Responsible Supply Chain

ACA emphasizes a responsible and transparent supply chain, complying with the Public Procurement and Asset Disposal Act. The Authority fosters strong supplier relationships through:

- **Transparency and Fairness:** Ensuring value for money in procurement activities.
- **AGPO Support:** Empowering marginalized groups through Access to Government Procurement Opportunities. The Anti-Counterfeit Authority (ACA) sensitized marginalized groups to access government procurement opportunities.

ACA's Public Communication division ensures responsible marketing and communication, guided by the Media and Public Communication Policy. Key initiatives include:

- **Ethical Communication:** Maintaining integrity and credibility in all public interactions.
- **Digital Engagement:** Utilizing social media platforms to raise consumer awareness and foster dialogue on counterfeit-related issues.
- **Media Relations:** Engaging with mainstream media to ensure accurate coverage of ACA's activities.

Corporate Social Responsibility

ACA actively engages in corporate social responsibility (CSR), contributing to societal well-being through initiatives such as:

- **Environmental Stewardship:** Participating in the National Tree Growing Campaign, planting over five thousand trees to address ecological concerns.

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Caption inaugural tree planting exercise in Muanda Primary School, Bungoma County

- **Youth Empowerment:** Supporting internships and apprenticeships to prepare Kenyan youth for the job market.
- **Strategic Partnerships:** Collaborating with the Kenya Administration Police Unit, Kenya Forest Service among others to strengthen relationships with stakeholders.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2024, which show the state of the Authority's affairs.

i) Principal activities

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

ii) Results

The results of the Authority for the year ended June 30, 2024 are set out on page 1.

iii) Directors

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

iv) Surplus remission

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

v) Auditors

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

By Order of the Board



.....
Dr. Robi Mbugua Njoro
Executive Director

Date: 06.12. 24

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Anti-Counterfeit Act 2008. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024 and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 23rd August, 2024 and signed on its behalf by:



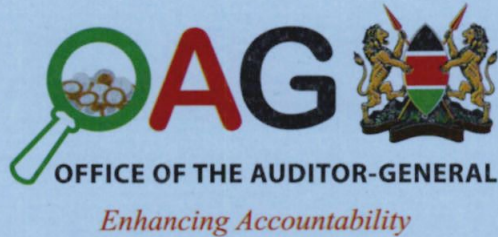
Name: Hon. Josphat Gichunge Mwirabua Kabeabea
Chairperson of the Board



Name: Dr. Robi Mbugua Njoroge
Executive Director

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ANTI-COUNTERFEIT AUTHORITY OR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Anti-Counterfeit Authority set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2024 the statement of financial performance, statement of changes in net

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Anti-Counterfeit Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Anti Counterfeit Act, 2008 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Contingent Liability

Note 24 to the financial statements reflects contingent liability balance of Kshs.765,150,004. As previously reported, there were pending legal proceedings against the Authority that may, if successful, have significant impact on its operations. This includes nine (9) civil cases with a contingent liability of Kshs.98,624,784 which had adverse rulings but the Authority appealed against the ruling. Further, there is a case where an accused person was charged with possession of counterfeit electric bulbs and accessories but was acquitted of the charges in a Court of Law in 2015. However, the accused person and others instituted a civil case at Milimani Law Courts in 2016 seeking for special damages of Kshs.603,500,000 against the Authority for unlawful arrest, malicious prosecution and destruction of property. Although, the Authority released part of the goods seized to the accused persons in July 2015, they complained that the remaining goods had been destroyed and they could not take destroyed or damaged goods.

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

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.485,100,000 and Kshs.594,055,338 respectively, resulting to an over-funding of Kshs.108,955,338 or 23% of the budget. However, the Agency spent Kshs.598,045,533 against actual receipts of Kshs.594,055,338 resulting to an under-utilization of Kshs.3,990,195 of actual receipts.

In the circumstances, the over-funding and under-utilization of expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Directors are responsible for the other information set out on page v to li which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section 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

1. Human Resource Management Practices

1.1 Low Staffing Levels

Review of payroll records provided for audit revealed that the Authority has a total of one hundred and eleven (111) members of staff against an approved establishment of two hundred and fifty (250), resulting in staffing shortfall of one hundred and thirty-nine (139) in various levels.

In the circumstances, the employees may be overstretched leading to poor service delivery that may negatively impact on the realization of the Authority's goals.

1.2 Under-Representation of Persons Living with Disability

Analysis of the staff bio data revealed that the Authority has one hundred and eleven (111) employees, among whom 1 is person living with disability. This group represents approximately 1% of the workforce. This was contrary to Article 54(2) of the Constitution which requires that at least 5% of members in elective and appointive bodies be persons with disabilities.

In the circumstances, the Management is in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

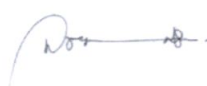
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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024


	Note	2023-2024 Kshs	2022-2023 Kshs
Revenue from non-exchange transactions			
Transfer from SDT&ED	5	350,020,000	349,999,999
		350,020,000	349,999,999
Revenue from exchange transactions			
Rendering of services	6	243,800,598	56,642,812
Other income	7	234,740	74,574
Total Revenue from exchange transactions		244,035,338	56,717,386
Total revenue		594,055,338	406,717,385
Expenses			
Use of goods and services	8	215,668,678	154,188,236
Employee costs	9	280,473,541	247,842,468
Remuneration of Directors	10	22,582,776	14,742,086
Depreciation and amortization expense	11	32,334,587	25,634,562
Repairs and maintenance	12	8,570,697	4,953,273
Total expenses		559,630,279	447,360,625
Other gains			
Gain on foreign exchange transactions			
Surplus/Deficit for the period/year		34,425,060	(40,643,240)
Remission to National Treasury	17	30,982,554	-
Net Surplus for the year		3,442,506	(40,643,240)

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

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


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


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


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

Date: 06.12.24

Date: 06.12.24


Date: 06.12.24

ANTI-COUNTERFEIT AUTHORITY (ACA)
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15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024


	Note	2023-2024 Kshs	2022-2023 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	360,643,910	325,787,696
Current portion of receivables from exchange transactions	14	15,281,408	8,291,351
Receivables from non-exchange transactions	15	-	12,500,000
Inventories	16	6,300,085	4,345,774
Total Current Assets		382,225,403	350,924,821
Non-current assets			
Property, plant and equipment	18	126,656,553	119,175,886
Total Non-Current Assets		126,656,553	119,175,886
Total assets (A)		508,881,957	470,100,707
Liabilities			
Current liabilities			
Trade and other payables	20	1,160,352	1,079,898
Current Provisions	21	38,304,852	4,446,561
Total Current Liabilities		39,465,204	5,526,459
Total liabilities (B)		39,465,204	5,526,459
Net assets (A-B)		469,416,753	464,574,248
Presented by:			
Reserves – General reserve		231,688,250	191,872,996
- Development Fund		36,502,000	36,502,000
- Revaluation		69,429,131	69,429,131
Accumulated surplus		131,797,372	166,770,120
Total Net assets		469,416,753	464,574,248

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


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

Date: 06.12.24


.....
Head of Finance
Ms. Purity Munyiri
ICPAK No: 18490
Date: 06.12.24


.....
Chairperson of the Board
Hon. Josphat Gichunge
Mwirabua Kabeaba
Date: 06.12.24

ANTI-COUNTERFEIT AUTHORITY (ACA)
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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE
2024**

	General reserve Kshs	Development Fund Kshs	Revaluation Reserve Kshs	Accumulated Surplus Kshs	Total Kshs
At July 1, 2022	115,874,996	112,500,000	15,904,628	207,413,360	451,692,984
Surplus for the period	75,998,000	(75,998,000)	-	(40,643,240)	(40,643,240)
Revaluation	-	-	53,524,503	-	53,524,503
At June 30, 2023	191,872,996	36,502,000	69,429,131	166,770,120	464,574,247
At July 1, 2023	191,872,996	36,502,000	69,429,131	166,770,120	464,574,247
Profit/loss for the period	-	-	-	3,442,506	3,442,506
Transfer from reserves to Capital Fund	38,415,254	-	-	(38,415,254)	-
Donation of destruction machine	1,400,000	-	-	-	1,400,000
At June 30, 2024	231,688,250	36,502,000	69,429,131	131,797,372	469,416,753

Note:

1. The Authority acquired a destruction machine through donation valued at Kshs.. 1,400,000, leading to changes in general reserve.
2. The Authority also procured assets worth Kshs. 38,415,254 using the accumulated surplus funds.

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024			
	Note	2023-2024	2022-2023
		Kshs	Ksh
Cash flows from operating activities			
Receipts			
Transfers from other government entities		350,020,000	349,999,999
Rendering of services		243,922,715	56,717,386
Foreign exchange gain			
Total Receipts		593,942,715	406,717,385
Payments			
Use of goods and services		211,802,517	126,867,899
Employee costs		277,715,256	291,653,752
Board Expenses		22,582,776	14,742,086
Repairs and maintenance		8,570,697	4,953,271
Total Payments		520,671,247	438,217,010
Net cash flows from operating activities	18	73,271,468	(31,499,625)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(38,415,254)	(86,118,538)
Proceeds from sale of PPE		-	
Net cash flows from/ (used in) investing activities		(38,415,254)	(86,118,538)
Net increase/(decrease) in cash and cash equivalents		34,856,215	(117,618,163)
Cash and cash equivalents at 1 JULY	13	325,787,696	443,405,859
Cash and cash equivalents at 30 JUNE	13	360,643,911	325,787,696

Note:

1. The net cash flows from operating activities represent the changes in receipts and payments for the period.
2. The Authority acquired a destruction machine through donation valued at Kshs. 1,400,000, leading to impact on acquired PPE and Intangible assets.

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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percent age% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Government grants – Recurrent	350,020,000		350,020,000	350,020,000	-	100%
Rendering of services	20,000,000	115,000,000	135,000,000	243,800,598	108,800,598	181%
Government grants – Recurrent	52,780,000	(52,700,000)	80,000	-	(80,000)	
Rolled over funds	199,700,000	(199,700,000)	-	-	-	
Other Income		-	-	234,740	234,740	
Foreign exchange gain						
Total income	622,500,000	(137,400,000)	485,100,000	594,055,338	(108,955,338)	
Expenses						
Compensation of employees	330,388,000	(45,100,000)	285,288,000	280,473,541	4,814,459	98%
Remuneration of Directors	17,188,000	5,812,000	23,000,000	22,582,776	417,224	98%
Repairs and maintenance	6,000,000	3,000,000	9,000,000	8,570,697	429,303	95%
Use of Goods and services	123,924,000	10,888,000	134,812,000	215,668,678	(80,856,678)	160%
Depreciation	-	33,000,000	33,000,000	32,334,587	665,413	
Total expenditure	477,500,000	7,600,000	485,100,000	559,630,279	(74,530,279)	
Surplus for the period				34,425,059	-	
Capital Expenditure	145,000,000	(145,000,000)		38,415,254	(38,415,254)	

Notes to Explain Variance

1. The over-expenditure in the use of goods and services and capital expenditure was funded from the accumulated funds as approved by the Board.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

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

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

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

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Notes to the Financial Statements (Continued)

1. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application</p>

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Standard	Effective date and impact:
	<p>guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

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Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year FY 2023/2024.

3. Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably. The Authority did not receive any income from fees, taxes and fines.

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

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Dividends

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

Rental income

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

b) Budget information – IPSAS 24

The original budget for FY 2023-2024 was approved by the National Assembly on 7th April 2023. Subsequent revisions/reallocations were made to the approved budget in accordance with arising needs of the Authority. The additional appropriations were added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs. 115,000,000 on the 2023-2024 budget following the board's approval and supplementary II estimates.

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

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

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

c) Taxes

Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions

taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

d) Investment Property

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

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

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

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

e) Property, plant and equipment – IPSAS 16

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

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

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

f) Leases – IPSAS 13

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

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

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

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

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

g) Intangible assets–IPSAS 31

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

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

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

h) Research and development costs

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

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

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

i) Financial instruments – IPSAS 41

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

b) Financial liabilities

Classification

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

j) Inventories – IPSAS 12

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

k) Provisions – IPSAS 19

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the

same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

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

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates – IPSAS 3

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

q) Employee benefits – IPSAS 25
Retirement benefit plans

The Authority provides retirement benefits for its permanent and pensionable employees. Further an amount equivalent to 31% of basic salary is set aside as gratuity for all employees on contract. The Authority's contribution towards employee pension scheme and gratuity for those on contract is charged to the statement of financial performance in the year to which the employees rendered their services to the Authority. The Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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r) Foreign currency transactions

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

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related Parties

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

u) Service Concession Arrangements

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

v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

w) Comparative figures

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

x) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with the significant impact on the financial statements for the year ended June 30, 2024.

4. Significant Judgements and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions and contingent liabilities

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

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

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

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5. Transfers from Other Government entities

Description	2023/2024	2022/2023
	KShs	KShs
Unconditional Grants		
Operational Grant	350,020,000	349,999,999
Development grants		
Other Grants		
Total Unconditional Grants	350,020,000	349,999,999

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to of Financial performance. * KShs	Amount deferred under deferred income. KShs	Amount recognised in capital fund. KShs	Total transfers 2023/2024	2022/2023
				KShs	KShs
Ministry of Investment Trade and Industry /State Department Industry	350,020,000	-	-	350,020,000	349,999,999
Total	350,020,000	-	-	350,020,000	349,999,999

6. Licences, Fees and Permits

Description	2023-2024	2022-2023
	Kshs	Kshs
Registration of complaints fees	2,423,928	2,505,365
Destruction and storage fees	9,597,350	7,103,868
Recordation fees	7,099,243	13,335,069
Import Permit fees	221,765,078	33,482,490
ISIPPE Participation fees	2,915,000	216,020
Total revenue from the rendering of services	243,800,599	56,642,812

7. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Other Income	234,740	74,574
Total other income	234,740	74,574

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8. Use of goods and services

Description	2023-2024	2022-2023
	Kshs	Kshs
Electricity	3,433,029	2,306,362
Professional services	19,202,686	9,721,348
Subscription	707,120	1,488,985
Printing, advertising and services	1,317,797	2,355,684
Audit fees	800,000	800,000
Fuel, oil and lubricants	9,943,963	4,722,668
General Insurance	3,449,683	1,875,986
Rental	34,556,794	35,010,104
Communication supplies and services	16,818,686	10,644,297
Training	17,184,649	8,226,420
Domestic travel and daily subsistence allowance	36,770,082	26,355,259
Foreign travel and daily subsistence allowance	876,373	9,119,414
Bank Charges	304,860	643,868
Hospitalities and services	10,874,132	6,098,565
Awareness & Promotional activities	27,630,642	13,404,607
Office and General supplies/services	10,520,106	6,833,245
Destruction charges	6,777,861	1,553,450
Transport cost- for seized goods	1,945,670	383,880
Research	9,538,216	7,819,583
Service Charges	313,200	
Security costs	1,573,120	2,359,680
Corporate social responsibility	190,000	495,500
Parking charges	940,010	1,969,330
Total use of goods and services	215,668,678	154,188,236

9. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	224,981,003	199,062,720
Employee related costs - contributions to pensions, NSSF and medical aids	48,506,394	41,647,516
Casuals and interns	1,624,178	1,992,013
Employee related costs - contributions to staff gratuity	5,361,966	5,140,219
Employee costs	280,473,541	247,842,468

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10. Remuneration of Directors

Description	2023-2024	2022-2023
	Kshs	Kshs
Board committees' conferences and seminars	2,083,964	671,400.00
Directors emoluments	8,660,000	6,340,000.00
Other allowances	10,794,812	6,686,685.73
Chair's Honoraria	1,044,000	1,044,000.00
Total director emoluments	22,582,776	14,742,085.73

11. Depreciation and amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	32,334,587	25,634,562
Intangible assets	-	-
Depreciation govt. grant restatement	-	-
Total depreciation and amortization	32,334,587	25,634,562

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Buildings and stations	943,430	413,946
Vehicles and Cycles	6,072,969	2,605,640
Furniture and Equipment	945,818	719,095
Computers and accessories	555,508	885,880
Communication Equipment	52,972	328,712
Total repairs and maintenance	8,570,697	4,953,273

13. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
a) Current account –Kenya Commercial Bank 1119056322	94,652,682	64,133,666
Kenya Commercial Bank 1128466090	179,345,124	190,592,951
Kenya Commercial Bank 1137615168	86,646,104	70,735,981
MPESA 991653	-	325,099
Total cash and cash equivalents	360,643,910	325,787,697

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14. Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Receivables		
Service, Water and Electricity Debtors	13,161,435	7,373,595
Other Exchange Debtors	2,119,973	917,756
Total Receivables	15,281,408	8,291,351

15. Receivables from non-exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Other Exchange Debtors	0	12,500,000
Total	0	12,500,000

16. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores	6,300,085	4,345,774
Total inventories at the lower of cost and net realizable value	6,300,085	4,345,774

17. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

In line with this legal requirement the Anti-Counterfeit Authority (ACA) remitted Kshs Thirty Million, nine hundred eighty two thousand, five hundred and fifty four (FY 2023-2024 Kshs 30,982,554). The Authority did not make any surplus during the year 2022-2023 (FY 2022-2023 Nil) and hence no remittance to the Consolidated Fund.

The Surplus Remission has been computed as follows:

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the period	34,425,060	(40,643,240)
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	30,982,554	-

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Surplus Remission Payable

Description	2023-2024	2022-2023
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	30,982,554	-

18. Cash generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	34,425,060	(40,643,240)
Adjusted for:		
Depreciation	32,334,587	25,634,562
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	(30,982,554)	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	(1,954,311)	(1,222,214)
Increase in receivables	5,509,942	(13,831,494)
Increase in deferred income	-	-
Increase in payables	33,938,745	(1,437,240)
Increase in payments received in advance	-	-
Net cash flow from operating activities	73,271,469	(31,499,626)

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19. Property, Plant and Equipment

	Land & Building	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Leasehold Improvement	Total
Cost		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2022	-	111,003,476	33,347,582	24,356,300	16,798,702	37,890,596	223,396,656
Additions	75,998,000		2,720,100	6,211,238	49,200	1,140,000	86,118,538
Revaluation	-	37,100,000	7,820,350	4,995,350	7,382,900	-	57,298,600
As at 30 June 2023	75,998,000	148,103,476	43,888,032	35,562,888	24,230,802	39,030,596	366,813,794
Additions	-	15,968,000	3,678,900	6,554,360	13,613,994	-	39,815,254
As at 30 June 2024	75,998,000	164,071,476	47,566,932	42,117,248	37,844,796	39,030,596	406,629,047
Depreciation							
As at 1 July 2022	-	111,003,475	30,135,549	24,279,476	15,439,031	37,371,718	218,229,248.80
Depreciation	7,599,800	9,275,000	2,875,421	3,731,794	1,591,791	560,757	25,634,563.00
Revaluation Loss			2,433,103	163,892	1,177,101		3,774,096.55
At 30 June 2023	7,599,800	120,278,475	35,444,073	28,175,162	18,207,923	37,932,475	247,637,908
Depreciation	7,599,800	13,267,000	2,336,721	5,914,396	2,877,790	338,880	32,334,587
At 30 June 2024	15,199,600	133,545,475	37,780,794	34,089,558	21,085,713	38,271,355	279,972,495
Net book values							
At 30th June 2023	68,398,200	27,825,001	8,443,960	7,387,726	6,022,879	1,098,120	119,175,885
As at 30 June 2024	60,798,400	30,526,001	9,786,139	8,027,690	16,759,082	759,240	126,656,552

1. The Authority acquired a destruction machine through donation valued at Ksh. 1,400,000, impacting on assets procured during the FY year 2023-2024.

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18 (b) Property, Plant and Equipment at Cost

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	75,998,000	15,199,600	60,798,400
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	164,071,476	133,545,475	30,526,001
Computers And Related Equipment	42,117,248	34,089,558	8,027,690
Office Equipment	47,566,932	21,085,713	16,759,082
Furniture, And Fittings	37,844,796	37,780,794	9,786,138
Leasehold	39,030,596	38,271,355	759,240
Total	406,629,047	279,972,495	126,656,551

20. Trade and other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	280,090	183,221
Audit Fees (Provision)	800,000	800,000
Employee Payable (Final dues)	80,262	96,677
Total trade and other payables	1,160,352	1,079,898

21. Current provisions

Description	Gratuity
	Kshs
Balance b/d 01.07.2023	4,446,562
Additional provisions	5,361,966
Less Provisions utilized	(2,486,229)
Gratuity Provision 30.6.2024	7,322,299
Remission to National Treasury (Provision)	30,982,554
Total Current Provisions	38,304,852

22. Financial Risk Management

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

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

(i) Credit risk

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

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

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs
At 30 June 2024			
Receivables from exchange transactions	7,629,316	7,629,316	-
Receivables from non-exchange transactions	7,652,093	7,652,093	-
Bank balances	360,643,910	360,643,910	-
Total	375,925,319	375,925,319	-
At 30 June 2023			
Receivables from exchange transactions	8,291,351	8,291,351	-
Receivables from non-exchange transactions	12,500,000	12,500,000	-
Bank balances	325,787,696	325,787,696	-
Total	346,579,047	346,579,047	-

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 4 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	1,031,370	48,720		1,080,090
Employee payable (Final dues)			80,261	80,261
Gratuity	414,275	1,242,825	5,665,199	7,322,299
Remission to National Treasury	30,982,554			30,982,554
Total				39,465,204
At 30 June 2023				
Trade payables	78,971	-	104,250	183,221
Provisions (audit fees)			800,000	800,000
Gratuity	475,285	172,476	3,798,801	4,446,561
Employee payable (Final dues)	85,690		10,987	96,677
Total				5,526,459

(iii) Market risk

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

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

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

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

a. Foreign currency risk

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

The Authority did not have a carrying amount of foreign currency denominated monetary assets and monetary liabilities during the financial year 2023/2024.

b. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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(iv) Capital Risk Management

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

	2023-2024	2022-2023
	Kshs	Kshs
Accumulated Fund	231,688,250	191,872,996
Revaluation reserve	69,429,131	69,429,131
Retained earnings	131,797,372	166,770,120
Capital reserve	36,502,000	36,502,000
Total funds	469,416,753	464,574,247
Total borrowings		-
Less: cash and bank balances	360,643,910	325,787,696
Net debt/(excess cash and cash equivalents)	108,772,843	138,786,551
Gearing	23%	30%

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

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Transactions with related parties

	2023-2024	2022-2023
a) Purchases from related parties		
Purchases of electricity from KPLC	3,433,029	2,306,362
Rent expenses paid to government agencies	30,098,441	23,858,804
Training and conference fees paid to government agencies	2,531,238	4,470,080
Parking fees paid to County government and government agencies	940,010	1,834,000
Total	37,002,718	32,469,246
b) Grants from the government		
Grants from national government	350,020,000	349,999,999
Grants from county government	-	-
Total	350,020,000	349,999,999
c) Key management compensation		
Directors' emoluments	22,582,776	17,742,086
Compensation to key management	65,861,748	53,348,980
Total	88,444,524	71,091,066

24. Contingent Liability

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

Contingent Liabilities	2023-2024
	Kshs
Court cases against the Authority	765,150,004/=
Total	765,150,004/=

The Authority had nine (9) civil cases and appeals concluded that had adverse judgements.

The Authority closed two (2) civil cases by settled judgement costs in one civil case, **Nairobi Employment Cause E127 OF 2022 Charles Muchiri Versus Anti-Counterfeit Authority** of Kshs. 546,666/= being general damages and interest at court rate as advised by the Attorney General, and **Kakamega Chief Magistrate's Court Civil Case No. 264 of 2016 Peter Mbaria Kariuki Versus Anti-Counterfeit Authority & 3 Others (Appealed vide High Court of Kenya at Kakamega Civil Appeal No. 64 Of 2019** where liability judgement sum of Kshs. 3,100,000/= together with costs was settled by the Complainant.

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The Authority has filed an appeal in most of the cases and they are ongoing. The Authority also discloses contingent liability over fifteen (15) ongoing court cases within the period.

The tables below give the details of the cases:

No.	Case Citation	Date of Award	Amount
1.	Nairobi Chief Magistrate in Civil Case No. 6431 of 2013 Esther Mawia Mwanja T/A Tonermart Enterprises Versus Anti-Counterfeit Agency & Another (<i>Appealed vide Milimani High Court Civil Appeal No. 215 of 2018 Anti-Counterfeit Authority Versus Esther Mawia Mwanja & Another where the appeal was partially allowed and the Authority has filed an appeal to the court of appeal on liability</i>)	4 th April 2018	Kshs. 4,761,600/= together with costs of the suit and interest.
2.	Nairobi High Court Petition 320 of 2015 Francis John Wanyange & Another Versus Anti-Counterfeit Agency & 4 Others (<i>Appealed vide Court of Appeal at Nairobi Civil Appeal No. 473 of 2019 Anti-Counterfeit Authority Versus Francis John Wanyange & 4 Others</i>)	23 rd November 2018	Kshs. 350,000/= plus costs of the suit.
3.	Mombasa Judicial Review Application No. 60 of 2018; Republic Versus The Executive Director, Anti-Counterfeit Agency & the Registrar of Trademarks, <i>Ex Parte</i> Uwin Investments Africa Company Limited (<i>Appealed vide Court of Appeal at Mombasa Civil Appeal No. 114 of 2019 Anti-Counterfeit Authority Versus Uwin Investments Co. Limited & Another</i>)	10 th June 2019 2 nd December 2022	Kshs. 6,830,508/=, 183,896 USD plus costs of the suit.
4.	Employment And Labor Relations Court at Nairobi Cause No. 653 of 2012 Joyce N. Simitu Versus Stephen O. Mallowah, Lawrence M. Bokoro & Anti-Counterfeit Authority	14 th June 2019	Kshs. 600,000/= plus costs of the suit.
5.	Nairobi High Court Petition No. 121 of 2018 Stanley Magare Versus. Anti-Counterfeit Agency & 2 Others (<i>Appealed vide Court of Appeal at Nairobi Civil Appeal No. E335 of 2020 Anti-Counterfeit Authority Versus Stanley Magare & 2 Others</i>)	4 th June 2020	Kshs. 100,000/= plus costs of the suit.
6.	High Court at Embu Petition No. 5 of 2019 John Kariuki T/A Khifam Ltd Versus Uzuri	17 th November 2020	Kshs. 550,000/= plus costs of the suit.

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	Foods (<i>Appealed vide Nyeri Court of Appeal Civil Appeal No.7 of 2021 Anti-Counterfeit Authority Versus John Kariuki T/A Khifam Limited & 2 Others</i>)		
7.	Mombasa E.L.C. Miscellaneous Application No. E046 of 2022 Sherman Nyongesa & Mutubia Advocates Versus Anti- Counterfeit Agency	12 th April 2023	Kshs 175,256/= plus costs of the suit.

ONGOING CASES

No.	Case Citation	Contingent Liability
1.	High Court of Kenya at Nairobi Civil Case No. 160 of 2016 James Kimani Mwangi & 2 Others Versus Anti-Counterfeit Authority & 3 Others	Kshs. 603,500,000/= together with costs of the suit and interest.
2.	Chief Magistrate's Court at Nyeri Civil Case No. 390 of 2017 Adan Abass Nusra Versus Anti-Counterfeit Authority & FCA (Appealed vide Nyeri Civil Appeal 56 of 2023 Anti-Counterfeit Authority Versus Adan Abass Nusra)	Ksh. 100,000/= plus costs of the suit.
3.	Chief Magistrate's Court at Nairobi Civil Case No. 45 of 2019 Peter Mugucia Versus Anti Counterfeit Authority	Kshs. 18, 571, 400/= plus costs of the suit.
4.	High Court of Kenya at Nakuru Petition No. 2 of 2019 Mavazi Textile and Branding Limited Versus Anti-Counterfeit Authority & Another	Liability as at 30th June 2024 of Kshs. 74,259,000/= <ul style="list-style-type: none"> a) Loss of daily sales at Ksh. 20,000/= per day from 14th January 2019. b) Loss of production 20 pairs of shoes per day at Ksh. 1,500/= from 14th January 2019. c) Loss of work for workshop workers 3 at Ksh. 500/= per day from 14th January 2019. d) Loss of uniform sales at Ksh. 10,000/= from 14th January 2020.

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		<p>e) Director's remuneration at Ksh. 5,000/= from 14th January 2020.</p> <p>f) Costs of the suit. Total daily loss of Kshs. 37,000/= from 14th January 2019 to 30th June 2024 amounts to 74,259,000/=</p>
5.	High Court of Kenya at Nairobi No. E250 of 2020 Match Masters Limited Versus Kenafriic Matches Limited & Anti-Counterfeit Authority	Pay costs of the suit at High Court to be taxed and ascertained by the Taxing Master.
6.	Eldoret High Court Civil Case No. 20 of 2021 Jeremiah Kigoro Versus Anti-Counterfeit Authority & 2 Others	Kshs. 350,000/= plus costs of the suit.
7.	Mombasa High Court Civil Case No. E028 of 2023; Narodhco (Kenya) Ltd & Others Versus J.S. Staedtler, Gmbh & Co. Kg, Anti-Counterfeit Authority and Another	Kshs. 55,002,240/= plus costs of the suit.
8.	Milimani High Court Commercial Case No. E474/2022; Puma Se Vs. Wilka Timers and General Merchants Limited & Anti-Counterfeit Authority (Interested Party)	Costs of the suit.
9.	Nairobi High Court Constitutional and Human Rights Petition No. E536/2022; Kenya Pharmaceutical Distributors Association & Another Vs. Anti-Counterfeit Authority & 6 Others	Costs of the suit.
10.	Milimani High Court Commercial Case No. E175 of 2023; Beyond Opinion Business Solutions Limited Vs. Manji Food Industries, Christopher Nzioka & Anti-Counterfeit Authority	Costs of the suit.
11.	Milimani High Court Commercial Case No. E212 of 2023;	Costs of the suit.

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	Mariya Group Limited Vs. Anti-Counterfeit Authority & Rapid Cosmetics Enterprise Limited	
12	Milimani High Court Judicial Review No. E155 of 2023 Mohamed Abdirizak Farah & 2 Others Versus Anti Counterfeit Authority & 2 Others	Cost of the suit.
13	Milimani Petition E118 of 2024 Abdirahman Abukar Hassan & Another versus ACA & 2 others	Cost of the suit.
14	Employment Labour Relations Court Petition E037 of 2024 Martin Luther Bwanga versus ACA & 4 Others	Cost of the suit.
15	Milimani HCCOMM No. E286 of 2024 Naran Velji Arjan and Neelcon Construction Services Limited VS Anti Counterfeit Authority (ACA) and Dan Oduor Juma	Cost of the suit.

25. Capital Commitments

Capital commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	80,000	140,000,000
Authorised and contracted for	-	
Total	80,000	140,000,000

26. Events after the Reporting Period

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

27. Ultimate And Holding Entity

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

28. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. APPENDICES

Appendix 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

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

Reference No. on the External audit report	Issue/Observations from Auditor	Management Comments	Focal point person to resolve the issue	Status (Resolved / Not Resolved)	Timeframe

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	<p>Emphasis of Matter</p> <p>As previously reported and as disclosed at Note 25, review of records revealed pending legal proceedings against the Authority that may, if successful, have significant impact on its operations. This includes five (5) civil cases with a contingent liability of Kshs. 6,361,600 which had adverse rulings but the Authority appealed against the ruling. There is also a case where an accused was charged with possession of counterfeit electric bulbs and accessories but was</p>	<p>-Authority appealed vide Civil Appeal No. E335 of 2020 Anti-Counterfeit Authority Versus. Stanley Magare & 2 Others. This is Pending hearing and determination before the Court of Appeal.</p> <p>-Civil Appeal No. 215 of 2018 ACA vs. Esther Mawia Mwanja & Ano. Appeal pending hearing and determination before the High Court - directions to be given on 31st October 2023. Pending payment.</p> <p>-Authority appealed vide Civil Appeal No. 473 of 2019 Anti-Counterfeit Authority v. Francis John Wanyange & 4 Others. Matter is pending determination before the Court of Appeal.</p> <p>-Authority appealed vide Civil Appeal No.7 of 2021 Anti-Counterfeit Authority Versus John Kariuki T/A Khifam Limited & 2 Others. Matter is pending determination before the Court of Appeal.</p>	<p>Director Legal Services/Co rporation Secretary</p>	<p>Not Resolved</p>	<p>June 2024</p>
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	<p>acquitted of the charges in a court of law in 2015.</p> <p>However, the accused persons and others instituted a civil case at Milimani Law Courts in 2016 seeking for special damages of Kshs. 603,500,000 against the Authority for unlawful arrest, malicious prosecution and destruction of property. Although, the Authority released part of the goods seized to accused persons in July 2015, they complained that the remaining goods had been destroyed and they could not take destroyed or damaged goods.</p>				
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Executive Director
Dr. Robi Mbugua Njoroge
Date: 06.12.24

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Appendix II: PROJECTS IMPLEMENTED BY THE ENTITY

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

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

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

Status of Projects Completion

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

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Appendix III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recognized	Total Transfers during the Year
				Statement of Financial Performance	
Ministry of Investment Trade and Industry (MITI)	18.08.23	Recurrent	29,168,333	29,168,333	29,168,333
	18.09.23		29,168,333	29,168,333	29,168,333
	02.10.23		29,168,334	29,168,334	29,168,334
	07.11.23		29,168,334	29,168,334	29,168,334
	07.12.23		29,168,333	29,168,333	29,168,333
	03.01.24		29,168,333	29,168,333	29,168,333
	07.02.24		87,505,000	87,505,000	87,505,000
	09.05.24		29,195,000	29,195,000	29,195,000
	11.06.24		29,195,000	29,195,000	29,195,000
	28.06.24		29,115,000	29,115,000	29,115,000
Total			350,020,000	350,020,000	350,020,000

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Appendix IV: INTER-ENTITY CONFIRMATION LETTER



*Always
TRIA
Reviewed
17/07/24*

**MINISTRY OF INVESTMENT, TRADE AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY**

Telephone: 020-2731531-9
0704097021/23
0788484840/41
Fax: 020-2731511
Email: ps_moted@gmail.com

Social Security House BLK 'A'
Bishops Road, Capital Hill
P.O. Box 30547 - 00100
NAIROBI

MOITC/SDI/ACCTS/FS&R/VOL.I(37)

15th August, 2024

Ag. Chief Executive Officer
Numerical Machining Complex
Workshop Road
P. O. Box 70660-00400
NAIROBI



The Managing Director
Kenya Industrial Research & Development Institute
P. O. Box 30650
NAIROBI

The Chief Executive Officer
Kenya Accreditation Services
P. O. Box 47400-00100
NAIROBI

*D-cs
Take note and comply
was B.
17/07/2024*

The Chief Executive Officer
Rivatex East Africa Limited
P.O. Box 4744-30100
ELDORET

The Chief Executive Officer
Anti-Counterfeit Authority
P. O. Box 47771-00100
NAIROBI

The Head of Secretariat
Scrap Metal Council
NAIROBI

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ANNUAL FINANCIAL STATEMENTS FOR F/Y 2023/2024

The State Department for Industry is in the process of preparing the Annual Financial Statements for the Financial Year 2023/24.

The purpose of this letter is therefore, to request you to submit the following information to be captured in the IFMIS system against your respective budget line:-

1. Confirmation of Exchequer received as at 30th June 2024
2. The actual AIA collected as at 30th June 2024

This information should reach this office by closure of business on **Friday 26th July 2024**.



Ernest A. Lukayu
For: PRINCIPAL SECRETARY

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anti counterfeit authority
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OFFICE OF THE EXECUTIVE DIRECTOR

Our Ref: ACA/FIN/2 VOL.6/ (84)

Date: Thursday July 25, 2024

The Principal Secretary
State Department for Industry
P.O. Box 30430-00100
NAIROBI

ATTN: MR. ERNEST A. LUKAYU



Dear Sir,

RE: CONFIRMATION OF DISBURSEMENT & AIA FOR THE FINANCIAL YEAR 2023/2024

The Authority is in receipt of letter Ref: MOITC/SDI/ACCTS/FS&R/VOL I (37) requesting for confirmation of Exchequer and actual AIA as at 30th June, 2024. This is to confirm that the Authority received an amount of **Ksh. 350,020,000** for the 2023/2024 financial year from the State Department for Industry as indicated in the summary below:

Description	Date	Reference No	Quarter	Amount (Ksh)
	18.08.23	MAC2906	1	29,168,333
	18.09.23	MAC2950	1	29,168,333
	02.10.23	MAC2953	2	29,168,334
	07.11.23	MAC2990	2	29,168,334
	07.12.23	MAC3009	2	29,168,333
	03.01.24	MAC3041	3	29,168,333
	07.02.24	MAC3051	3	87,505,000
	09.05.24	MAC3071	4	29,195,000
	11.06.24	MAC3083	4	29,195,000
Recurrent Grant	28.06.24	MAC3118	4	29,115,000
TOTAL GRANT RECEIVED				350,020,000

Additionally, the Authority generated Appropriation in Aid (AIA) totaling to **Ksh 236,383,245** during FY 2023/24.

With my best wishes, please accept the renewed assurance of my highest consideration and personal esteem.

Yours faithfully,

Dr. Robi Mbugua Njoroge
EXECUTIVE DIRECTOR

Tel: +254-(20)-3280000 / DL: 0775390608 / Toll-Free Line: 0800211237 / Email: info@aca.go.ke Website: www.aca.go.ke
National Water Plaza, 3rd Floor, Dunga Rd. P.O. Box 47771-00100- Nairobi, Kenya

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Appendix V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
<i>Environmental Stewardship</i>	National Tree Growing Campaign	Planting over five thousand trees to address ecological concerns.	Tree Planting Tree Adoption	190,000				Annual Budget	Ministry of Investment, Trade and Industry (MITI)