

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA COPY RIGHT BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2014**





## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA COPY RIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Kenya Copy Right Board set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003 and Section 19 of the Kenya Copy Right Board Act, 2001.

#### **Auditor-General's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

The statement of financial position as at 30 June 2014 reflect a balance of Kshs.4,301,946.00 in respect of receivables from non-exchange transactions which includes Judiciary fines amounting to Kshs.1,264,550.00 (Note 11) which have not been remitted by Judiciary. No provision for doubtful debts has been made in the financial statements.

### **Qualified Opinion**

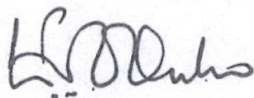
In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Kenya Copy Right Board as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Kenya Copy Right Board Act, 2001.

### **Other Matters**

I wish to draw your attention on the following matter.

The Kenya Copy Right Board does not have an internal audit unit and a functioning audit committee.

My opinion is not qualified on this matter.



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

Nairobi

18 February 2015



**KENYA COPYRIGHT BOARD**

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**KENYA COPYRIGHT BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2014**

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

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KENYA COPYRIGHT BOARD

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Kenya Copyright Board (KECOBO) is established under section 3 of the Copyright Act, 2001(cap 130). Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

### (b) Principal Activities

KECOBO's mission is to promote the growth of creative industries through effective administration and enforcement of copyright for socio economic development in Kenya. The principle activities include;

- Implementation of the Copyright Act
- Enforcement of copyright and related rights
- Overall administration of copyright and related rights
- Management of Traditional Knowledge
- Constant review of the Copyright Act
- Licensing and supervision of collective management organisations
- Training and awareness creation on copyright and related rights as well as traditional knowledge
- Advising the government on matters of copyright and related rights
- Negotiation of regional and international instruments on copyright and related rights.

### (c) Key Management

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

- Executive Director;
- Chief legal counsel;
- Deputy legal counsel;
- Finance manager;
- Senior human resource officer;
- Senior public communication officer;
- Senior copyright;
- Information communication technology officer; and
- Supply Chain officer



#### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

No.		Name
1.	Executive Director	Dr. Marisella Ouma
2.	Chief legal Counsel	Edward Sigei
4.	Finance Manager	Felister Njoki
5.	Senior Human Resource	KettyArucy
6.	Senior Public Communications Officer	Ms. Rosemary Waithaka
7.	ICT Officer	Mr. George Njoroge
8.	Supply Chain Officer	Ms. Mercy Odiwa

#### (e) Fiduciary Oversight Arrangements

##### FINANCE AND AUDIT COMMITTEES OF KECOBO

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

##### 9. Committees

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

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

##### 15. Accountability

- (1) A Board shall be responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation.*
- (2) The chief executive of a state corporation may be summoned by the Public Investments Committee to answer on behalf of the Board any question arising from a report, including a special report, of the Controller and Auditor-General concerning the state corporation.*

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



### **The Audit Committee**

There are four members in this committee. Mr. David Mureithi chairs this committee. He is a qualified auditor with experience with reputable international audit firms and artist management. The other members of the committee are Mr. Ezekiel Mutua, Dr. Henry Kibet Mutai, Ms Belinda Kiilu and Mrs. Catherine Ngengi Muigai who are experienced media expert, lawyers and film producers (with accounting background) respectively.

The committee has a charter setting out its responsibilities. Some of the duties include oversight over financial statements and financial reporting; compliance generally and internal control and risk management. The role of the committee is advisory. The committee meets at least once quarterly. The Executive Director is not a member of this committee as per common practice.

### **The Finance Committee**

The committee numbers four members. Mr. Anil Kapila is the Chairman of this committee. He holds CPA (K) qualification and is a Fellow of the Association of Certified Accountants of England. He also has extensive management experience.

The other three members Dr. Rhoda Birech, Mr. Joseph Kipkoech and Mr. David Muriithi are experienced academic, communication expert and certified Auditor respectively. The Executive Director is the secretary to this committee.

The committee oversees the budgeting, reviews progressive reports on expenditures of the Board from time to time and makes recommendation to the Board on issues relating to procurement. The committee also ensures overall sound financial reporting before approval of the entire board.

### **Frequency of meetings**

Both Committees meet at least four times in a year. However the number of meetings usually exceeds this as may be required by the business of the Board. Both committees maintain records of their deliberations diligently as required by law.

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

#### **(f) Board Headquarters**

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



**(g) Board Contacts**

Telephone: (254) 20 2533869/59  
E-mail: [pc@copyright.go.ke](mailto:pc@copyright.go.ke)  
Website: [www.copyright.go.ke](http://www.copyright.go.ke)

**(h) Board Bankers**

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

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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



KENYA COPYRIGHT BOARD

## II. THE BOARD OF DIRECTORS



**Mr. Tom Nyamantha Mshindi**  
**CHAIRMAN**

Acting Group Editorial Directors,  
**NATION MEDIA GROUP**

**PROFESSION: JOURNALIST**

**KEY PROFESSIONAL AND ACADEMIC  
QUALIFICATIONS**

Management, Post Graduate Diploma in  
Journalism, BA, (Hons) Nbi.

Has more than 23 years' experience handling progressively responsible positions initially in the journalistic and international development developments, before moving into general management and rising to top leadership positions in for profit organisations.

**DATE OF BIRTH: March 1<sup>st</sup> 1961**

**KEY QUALIFICATION**

**Media and Entertainment, Strategic Planning, Management, Corporate Governance**

**WORK EXPERIENCE**

**Chief Operations Officer**

Nation Media Group: April 2013- 2014

**Managing Director**

Nation Newspapers Division: September 2009-March 2013

**Managing Director**

Monitor Publications Ltd (Uganda): July 2007- August 2009

**Managing Consultant**

Words Warehouse Lovelife Media Africa Ltd, Nairobi: May 2006-June 2007

**Group Managing Director/CEO**

The Standard Group, Nairobi : Sept 2003-May 2006

**Communication Officer**

United Nations Children's Fund, Abuja: March 2002-Sept 2003

**Editor, Division of Communication**

United Nations Children's Fund (UNICEF), New York : 1999-2002

**Managing Editor, *Daily Nation***

Nation Media Group, Nairobi : 1991-1999

**Managing Editor, *Daily Nation***

Associate Editor, Editorials Nation Media Group, Nairobi:1989-1991

**Columnist**


Nation Media Group, Nairobi : 1989-1999

**Reporter, then Copy Editor**

Nation Media Group, Nairobi: 1986-1989



KENYA COPYRIGHT BOARD

	<p><b>Adjunct Professor of Journalism</b> University of Nairobi : 1991-1992</p>
 <p><b><u>Mrs. Nancy Wambui Karimi, MBS</u></b> <b>DIRECTOR</b> <b>Former Managing Director,</b> <b>The Jomo Kenyatta Foundation</b> <b>PROFESSION:</b> Publisher/Teacher <b>ACADEMIC QUALIFICATIONS:</b> B.A (Hons) NBI, Post-Graduate Executive Diploma in Corporate Governance, KCA</p>	<p>A result driven, self-motivated and resourceful Managing Director with a proven ability to develop and strengthen management teams in order to maximize company profitability and efficiency. Has corporate governance skills, with twenty years' experience at senior management level with excellent communication skills and ability to establish and sustain profitable relationships with customers.</p> <p><b>DATE OF BIRTH:</b> October 6, 1962</p> <p><b>PROFESSIONAL QUALIFICATIONS:</b> Desktop Publishing, Leadership,</p> <p><b>WORK EXPERIENCE</b> <b>Managing Director,</b> The Jomo Kenyatta Foundation – 25 May 2005 to August 2014. (Re-appointed in May 2008 and May 2011 on 3 year contract). <b>Human Resource &amp; Administration Manager</b> The Jomo Kenyatta Foundation February 2004 – January 2005: <b>Marketing Coordinator</b> February 2001– February 2004: <b>Publishing Manager</b> March 1993 - January 2001: <b>Trainee Editor</b> November 1989 – February 1993: <b>Teacher</b> Buruburu Girls Secondary School, Nairobi <b>November 1985 – November 1989:</b></p>



KENYA COPYRIGHT BOARD



**Henry Kibet Mutai, PhD**  
**DIRECTOR**  
**Intellectual Property Expert**  
**KEY PROFESSION:** Lawyer/Advocate

**PROFESSIONAL AND ACADEMIC  
QUALIFICATIONS:**

PhD: (Melbourne), LLM (Melbourne),  
LLM (PA USA) Diploma (KSL) , LLB  
(Hons) NBI

**DATE OF BIRTH:** November 17, 1971

**KEY QUALIFICATIONS:**

**Commissioner for Oaths and Advocate  
of the High Court, Mediation**

**WORK EXPERIENCE:**

**Managing Director**

Kenya Industrial Property Institute, : May  
2011 – April 2014

**Senior Lecturer**

School of Law : April 2011 – present (on  
leave of absence) Moi University

**Lecturer,**

Moi University School of Law : December  
2006 – April 2011

**Tutorial Fellow**

School of Law, Moi University : January  
2006 – Dec. 2006

**Advocate (sole proprietor), H. K. Mutai &  
Co. Advocates**

August 2006 – present January 1999 – July  
2001

**Resident Tutor,**

Janet Clarke Hall, University of Melbourne  
: February 2005 – November 2005

**Research Assistant**

Intellectual Property Research : January  
2004 – Dec. 2004 Institute of Australia  
(IPRIA)

**Visiting Researcher**

University of Melbourne

Trade Law Centre for Southern Africa:  
June 2003 – Aug. 2003 Stellenbosch, South  
Africa

**Managing Editor**



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Lawafrica.com : January 2000 – June 2004

**Tutorial Fellow**

Faculty of Law : February 1999 – June 2001 Moi University

**Court Clerk**

Emergency Protection from Abuse Program : July 1997 – April 1998 Philadelphia Municipal Court, USA

**Mediator**

Dispute Resolution Program: December 1997 – April 1998 Philadelphia Municipal Court, USA

**Student Assistant**

Temple LEAP program : September 1996 – April 1997 (Law, Education and Participation)

**Associate**

Chelule & Co. Advocates : May – July 1996

Kericho, Kenya.

**Pupil**

Chelule & Co. Advocates : September 1994 – April 1995 Kericho, Kenya.



KENYA COPYRIGHT BOARD



**Mr. Ezekial Mutua**

**DIRECTOR**

**Director of Information & Communication  
Representing the Principal Secretary  
Ministry of Information, Communications  
and Technology (ICT)**

**KEY PROFESSION:**

Media Practitioner/Communication

**ACADEMIC QUALIFICATIONS:**

MA Communication Studies (NBI) Certificate in  
Mass Communication. (University of Cairo  
Egypt), Writer Certificate DT University London,  
Certificate in Journalism, BA Kenyatta University

Ezekiel Mutua is a consummate career  
media practitioner, with immense passion  
for communication and opinion driving in  
both private and public sector

**DATE OF BIRTH:**

**PROFESSIONAL**

**QUALIFICATIONS:**

Media and Public Communications

**WORK EXPERIENCE**

**Information Secretary,**

Ministry of Information, Communication &  
Technology (ICT) : April 20th 2011 to Date

**Director of Information and Public**

**Communications:** October 1st 2007 to  
April 20th 2011:

**Secretary-General,**

Kenya Union of Journalists (KUJ) : June  
2001 to September 2007



**Isaac Michael Rutenberg, PHD, JD**

**DIRECTOR**

**PROFESSION :** Patent Attorney/Researcher

**ACADEMIC QUALIFICATIONS**

Ph.D., Chemistry, California Institute of Technology (California, 2005), J.D., Santa Clara University School of Law (California, 2011)  
B.S., Chemistry, Colorado School of Mines (Colorado, 2000)

B.S., Mathematics/Computer Science, Colorado School of Mines (Colorado, 2000)

**REGISTRATIONS**

Admitted to practice before the US Patent and Trademark Office (Patent Agent, Registration No. 57419)

Admitted to practice with the California State Bar (Attorney Registration No. 280936)

Admitted to practice before the Kenya Industrial Property Institute (Patent Agent Registration No. 337)

**DATE OF BIRTH:** December 13<sup>th</sup> 1977

**KEY QUALIFICATIONS**

Patent Attorney, Understanding of intellectual property laws and regulations for various countries and regions  
Knowledge of issues relevant to for-profit, not-for-profit, and government bodies, covering patents, trademarks, copyrights, trade secrets, and other forms of intellectual property  
Agent/Representative for over 50 issued US and foreign patents.

**WORK EXPERIENCE**

- **Lecturer,**  
Strathmore Law School, Strathmore University, Nairobi Kenya (2012-present)
- **Director,** Center for Intellectual Property and Information Technology Law (CIPIT) at Strathmore Law School, Nairobi, Kenya (2012-present)
- **Consultant,** Kamau-Rutenberg Consulting, Nairobi, Kenya (2012-present)
- **Patent Attorney,** Science and Technology Law Group, Sunnyvale, CA (2012-present)
- **Patent Attorney,** Bozicevic, Field, & Francis LLP, San Francisco, CA (2009-2012)



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- **Patent Attorney:** Client-centered IP services, patent prosecution, and legal opinions
- **Patent Agent,** Reed Intellectual Property Law Group, Palo Alto, CA (2005-2006)



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**Mr. Rufus Kimotho Thuku**

**DIRECTOR**

**Director,**

**Permanent Presidential Music Commission**

**Representing the Principal Secretary**

**Ministry of Sports, Culture and the Arts**

**KEY PROFESSION:**

Communications/Journalism

**ACADEMIC QUALIFICATIONS:**

**UNIVERSITY:**

B. A Hons – (UON), Diploma Journalism

**DATE OF BIRTH:** 13<sup>th</sup> August 1955

**PROFESSIONAL QUALIFICATIONS**

Strategic Leadership Development,  
Management, Counselling,

**WORK EXPERIENCE**

**Information Officer II** Ministry of  
Information and Broadcasting,

14<sup>th</sup> January 1982 – October 1985

**Reporter**, Vice President's Press Service,  
Ministry of Home Affairs 1985 – 1989

**Editor**, Kenya News Agency Kenya  
Broadcasting

Corporation Ministry of Information &  
Broadcasting

**Head, Education and Information:**

Editor,

Utamaduni Profile Division: Department of  
Culture

**Assistant Director of Culture**, Ministry  
of Culture and  
Social Services.

**Director**, Permanent Presidential Music  
Commission,  
Ministry of State for National Heritage and  
Culture



KENYA COPYRIGHT BOARD



**Mr. Lawrence Njagi**  
**DIRECTOR**

**Managing Director**  
**Mountain Top Publishers**

**KEY PROFESSION** : Publisher

**ACADEMIC QUALIFICATIONS**

BA Kenyatta University

**DATE OF BIRTH:** 25<sup>th</sup> April 1970

**KEY QUALIFICATION:** Bachelor of Arts Degree

**WORK EXPERIENCE**

**Managing Director,**

Mountain Top Publishers, 2002 to date

**Regional Manager**

Firestone East Africa, 1999 to 2002

**Sales Executive**

Colour Label Ltd. 1997 to 1999

**Sales executive**

Alliance Marketing and Media Services  
1995-1997

Chairman Kenya Publishers Association

Treasurer African Publishers Network

Board Member National Book

Development Council of Kenya



KENYA COPYRIGHT BOARD



**Mr. David Muriithi,  
DIRECTOR**

**Managing Trustee/Managing Director  
Creative Enterprise Centre**

**KEY PROFESSION:** Auditor

**ACADEMIC QUALIFICATIONS:**

Bachelor of Arts in Economics (Honors Degree –  
Accounting & Finance Option), **University  
of Manchester**, England

**DATE OF BIRTH:** May 16<sup>th</sup> 1969

**WORK EXPERIENCE**

**Radio Presenter –**

Feb 2006 – Sept 2006 98.4 Capital FM  
Golden Sunday Show (the best of the 60's,  
70's and 80's)

**Managing Trustee**

2003 – Present Music Sans Frontieres  
(www.muzikiafrica.org)

2003 – Present

Amalgamated Properties Ltd. (Real Estate  
Development)

**Managing Director**

**Finance Director**

Amalgamated Properties Ltd. (Real Estate  
Development)

**1999 – 2003**

**Managing Director**

Audio Vault Ltd (Record Label/Event &  
Talent Management Agency) 1997 – 1999

**Proprietor**

Sunset Promotions, Kenya (Event and  
Talent Management)  
1995 – 1997

**Senior Auditor**

Ernst & Young Certified Public  
Accountants, Nairobi 1991 – 1995

**Auditor**

Ernst & Young Certified Public  
Accountants, London 1988 – 1991

**Proprietor**

F / X Promotions, Manchester, England  
(Event and Talent Management)



KENYA COPYRIGHT BOARD



**Mrs. Catherine Ngengi Muigai**

**DIRECTOR**

**Founder and Director**

**KAZA MOYO FILMS**

**KEY PROFESSION:** Accountant/Film Maker

**ACADEMIC QUALIFICATIONS;**

**Bachelor of Science in Accounting and Finance  
(Indiana University)**

**SUMMARY:**

Founder and Director of **KazaMoyo Films**, which is a dynamic International, film Production Company. Though an accountant by profession and worked with Githongo and Company a leading Audit firm and later moved on to work at the UNDP Accounts Department in the early 1980s, the realm of drama and film has always been of great interest from an early age. It is not a wonder therefore, that after leaving formal employment I dedicated myself to a career in media.

**DATE OF BIRTH:** February 27<sup>th</sup> 1953

**KEY QUALIFICATIONS:**

Film and Video Production

**WORK EXPERIENCE:**

**Founder Director**  
KazaMoyo Films



KENYA COPYRIGHT BOARD



**Rhoda Jerop Birech (Ph.D)**

**DIRECTOR**

**Senior Lecturer**

**Egerton University**

**KEY PROFESSION:** Lecturer

**ACADEMIC AND PROFESSIONAL  
QUALIFICATIONS:**

Ph.D. ),(BOKU) Vienna, Austria. MPhil

(MoiUniversity), Bsc.

(Egerton), Diploma (Egerton).1997-2000:

Dr. Rhoda Birech is a long serving academician with a fast experience in international research. She is a PhD holder in Agriculture (Organic Agriculture specialty) and currently a Post-doctoral candidate in the area of Bio energy. Rhoda is a Senior Lecturer at Egerton University having worked at the same University in different capacities for the last 20 years. She has been in the top management of at least six international research teams bringing together European and African Universities and Research organizations.

**DATE OF BIRTH:** 13<sup>th</sup> October, 1969

**KEY QUALIFICATIONS:**

Ph.D. (*Doctor rerumnaturaliumtechnicarum*), University of Natural Resources and Applied Life Sciences (BOKU) Vienna, Austria

**WORK EXPERIENCE:**

*Post-doctorate student at the* (BOKU)  
Vienna, Austria.

**Liaison Officer**

University-Industry December 2012 to date

**Visiting Professor**

BOKU University from May to June 2011

**Senior-Lecturer**

Egerton University since August 2010-to-date

**Lecturer**

Egerton University. From 2002 – July 2010

**Assistant Lecturer**

Egerton University from 2000 – 2002:

**Senior Technician**

Egerton University in the Department of Agronomy from 1992 – 2000:

**Secondary school teacher**

Lelmokwo Boys High school in 1991



KENYA COPYRIGHT BOARD



**Mr. Desmond Katana Harrison**

**DIRECTOR**

**Secretary General  
Musicians Union**

**KEY PROFESSION: Sound**

**Engineer/Musicians**

**PROFESSIONAL AND ACADEMIC**

**QUALIFICATIONS:**

**Certificate in corporate governance ,  
Certificate in French, Certificate in audio  
sound engineering from Gateway School of  
Music – London**

Mr. Desmond Katana Harrison has over twenty five years of experience in the entertainment industry in Kenya. Has built a solid reputation in the showbiz/entertainment industry with a proven track record in project and event planning/management. He is an accomplished instrumentalist, music composer, arranger/producer, performer and businessman.

**DATE OF BIRTH:** 18th October 1958

**WORK EXPERIENCE:**

Ambassador of Peace for the National Cohesion and Integration Commission.  
May 2011

**Presenter**

BBC Fast Track travel programme for the British Broadcasting

Corporation TV from Mombasa. 2010

**Member**

Permanent Presidential Music

Commission's team 2009

**Committee member and adjudicator,**  
"NajivuniakuwaMkenya" campaign by the office of the Government spokesman, Dr. Alfred Mutua. 2008

**Committee member** of the Kenya Audio Visual Archives team 2008

**Committee member** – "National Music Policy" 2007

**Committee member and co - composer** of the Vision 2030 theme song for the Ministry of Finance.

**Chairman of the committee** of the on ongoing music project; Spotlight on Kenyan Music 2006

**Co-founder** the Kenya Musicians Union and currently the General Secretary. Managing Director.

**2005:** Founded the company Showbiz Info Ltd  
CEO

Pambazuko NGO; 2000 to date

**Sound Engineer/ instrumentalist/ music producer** at the Mushrooms Sound Lab. 1990 2004



KENYA COPYRIGHT BOARD



**Ms. Belinda Mumbua Kiilu**

**DIRECTOR (ALTERNATE TO THE  
ATTORNEY GENERAL)**

**Senior State Counsel**

**KEY PROFESSION:** Lawyer /Advocate

**ACADEMIC QUALIFICATIONS:**

Postgraduate Diploma in Law-Kenya School of  
Law, B.sc Kenyatta University (Hons) LL.B  
(UON)

Ms. Kiilu currently in the Office of The  
Attorney General and Department of  
Justice. She is a Senior State Counsel -  
Treaties and Agreement Department &  
Personal Legal Assistant to the Hon.  
Attorney General

**DATE OF BIRTH:** May 15,1981

**KEY QUALIFICATION:**

Postgraduate Diploma in Law-Kenya  
School of Law, Advocate of the High  
Court of Kenya

**WORK EXPERIENCE:**

**Senior State Counsel**

Treaties and Agreement Department &  
Personal Legal Assistant to the Hon.  
Attorney General Office of The Attorney  
General And Department Of Justice May  
2014 to date

**State Counsel I & Personal Legal  
Assistant to the Hon. Attorney General  
January 2012- May 2014**

**State counsel II**

State Law Office Treaties And Agreement  
department May 2009- May 2012  
Nyakundi & Co. Advocates

**Voluntary Children Officer**

An apprentice period under the guidance of  
a senior counsel in  
May-July 2005- Getathuru Rehabilitation  
and Reception Centre



KENYA COPYRIGHT BOARD



**Mr. Charles Peter Asiba**  
**CEO ,Festival Director**  
**The Kenya International Film Festival Trust**

**KEY PROFESSION: Film Producer**

**ACADEMIC QUALIFICATIONS:**

**1993: A Graduate of Design**  
University of Kent, Rochester College, United Kingdom

**DATE OF BIRTH:** May 13, 1966

**KEY QUALIFICATION: Creative works and Cultural Practitioner**

**WORK EXPERIENCE:**

**March 2013:** Chief Juror of the first edition of the African Magic viewers Awards in Lagos, Nigeria

**2011:** The President of the Jury of the three East African film festivals and Uganda, Amakula Kampala film festival

Served in Nigeria ION International, African Film Festivals of Berlin

Former Director Kenya Film Commission

Head of Marketing and Programme exchange at the Union of National Radio and Television Organisation of Africa

Television Organisation of Africa

Former Director of the African Television Programme Market

Head of freelance Marketing executives at the Kenya Broadcasting Corporation

Head of Fashion studies at the Evelyn's College of Design



KENYA COPYRIGHT BOARD



**Mr. Joseph Kipruto Kipkoech**

**DIRECTOR (ALTERNATE TO PRINCIPLE SECRETARY TREASURY)**

**Assistant Director, Public Communications  
The National Treasury**

**KEY PROFESSION:** Public  
Relations/Communication

**PROFESSIONAL AND ACADEMIC QUALIFICATIONS:**

**MA Degree in International Studies, UON, University of Nairobi**  
**Postgraduate Diploma in Mass Communication,**  
**Postgraduate Diploma in International Relations, Postgraduate Certificate in Mass Communication BA (Hon)**

**DATE OF BIRTH:** 4<sup>th</sup> December, 1965

**KEY QUALIFICATIONS:**  
Strategic Leadership and Development

**WORK EXPERIENCE:**  
**Assistant Director, Public Communications, Deputy Director, Public Communication**  
The National Treasury 2013 to date  
**Assistant Director, Public Communications**  
Ministry of Energy and Petroleum, 2013  
August – October 2013:

**Assistant Director, Public Communications**  
Head, Kenya News Agency, 2011 – July 2013  
*Coordinator, Kenya Today Newspaper*  
Ministry of Information, Communications and Technology 2010 – 2011

**Principal Information Officer – Eastern Province, Embu - Provincial Information Officer 2006 – 2010 :**  
**Chief Information Officer – Bureau Chief Baringo/Samburu Districts – 2004**  
**Senior Information Officer – District Information Officer**

–  
Baringo 1997  
**Information Officer 1 - District Information Officer – Trans Mara (Kilgoris) 1995**  
**Information Officer II – Editor, Mwangaza Rural Press, Kabarnet (Baringo) 1991**



KENYA COPYRIGHT BOARD



**MR. PHILIP NDOLO**  
**DIRECTOR (ALTERNATE TO THE**  
**INSPECTOR GENERAL NATIONAL**  
**POLICE SERVICE)**

**KEY PROFESSION:** Police Officer

**ACADEMIC QUALIFICATIONS:**

Diploma in National Security Studies at Galilee  
International Management Institute

**DATE OF BIRTH:** March 26<sup>th</sup> 1964

**KEY QUALIFICATIONS:** Diploma in  
National Security Studies

**WORK EXPERIENCE:**

2012 to Date: Deputy Director  
Operations

2009 to 2012: Deputy Provincial Police –  
Rift Valley Province

2008 to 2009: Commandant Kenya  
Police staff Training College Loresho

2004 – 2007: Deputy commanding  
Officer, GSU Training School

2003 – 2004: Chief Instructor GSU  
Training School

2002: Officer Commanding Senior  
Training wing GSY Training School

2001 – 1983: Moved from rank to rank  
National Police Service



**Ms. Sylvia Gichia**  
**DIRECTOR**  
**Managing Director**  
**KUONA TRUST**

**KEY PROFESSION: Photography**

**ACADEMIC QUALIFICATIONS:**

**Washington DC**

Degree in Professional photography, MBA  
Marketing, Bachelor of International Business,  
Marketing

Ms Gichia has more than 8 years of progressive work experience both locally and internationally. Professional photography experience having worked with a number of reputable publications, media houses and organizations both locally and internationally. Market research and project management experience applying leadership, decision making and organizational skills. Has fund raised for projects, programs and operations for a number of organizations both locally and in the USA. She has solid experience in Project management, over 4 years in Arts Management and policy, solid experience in internal and external customer relations management, high level of proficiency in various computer system applications, vast experience in Marketing and sales, and programme management and also event Planning experience having organized a number of art festivals both locally and internationally

**DATE OF BIRTH:** February 20th, 1975

**KEY QUALIFICATION**

Degree in Professional Photography

**WORK EXPERIENCE:**

**Director**

Kuona Trust, Centre for Visual Arts,  
Nairobi, Kenya Feb. 2012- Present

**Chief Information Officer – Bureau  
Chief**

VisualEyes Productions, Nairobi,  
Kenya

**Professional photographer - Jan. 07 –Present**

**Sylvia Photos Inc.- Washington DC,  
USA**

**Managing Director- Freelance**

**Photographer- Jan 05 – Dec 07**

Travel Coordinator - Washington DC,  
USA

American RedCross Society DC - June 04-  
Dec 07

American Express Atlanta, GA. USA

Marketing and Customer care- Gold Card –  
Feb 03-Dec 05



KENYA COPYRIGHT BOARD



**Mr. Anil Kumar Kapila**  
**Group Chief Executive**  
**Fox Group Of Companies**

**KEY PROFESSION :**

Accountant/Auditor/Consultancy

**ACADEMIC QUALIFICATIONS**

**Secondary.- Technical High School, Nairobi**

**1970 -1973-** Grades: EACE Division 1,  
Aggregate points 22.

**Higher Secondary. - Highway Secondary**  
**School, Nairobi**

**1974-1975** Grades: EAACE; Maths-B,  
Physics-E, General Paper-Pass.

**Professional : Accountancy Tuition**  
**Programmes, Nairobi**

of the Association of Certified  
Chartered Accountants (ACCA).

Member

**SUMMARY:**

Mr. Kapila was admitted to the membership of the Chartered Association of Certified Accountants of England (ACCA) in October 1981, becoming a Fellow in October 1986.

Admitted to membership of The Institute of Certified Public Accountant of Kenya in March 1982 and hold Practising Certificate

**DATE OF BIRTH:** 9<sup>TH</sup> September, 1956

**KEY QUALIFICATIONS:**

Accountancy Tuition Programmes, Nairobi

**The Chartered Association of Certified Accountants (FCCA).**

Admitted to the membership of the Chartered Association of Certified Accountants of England (ACCA) in October 1981, becoming a Fellow in October 1986.

**The Institute of Certified Public of Kenya (CPA).**

Admitted to membership of The Institute of Certified Public Accountant of Kenya in March 1982 and hold Practising Certificate.

**WORK EXPERIENCE**

**From December 1986 to date.**

**Group Chief Executive, Fox Group Of Companies**

**Responsibilities include:** Formulation of the Group corporate goal, develop strategies and policies and provide overall guidance to the operations to achieve stated goal. Planning and advising on preparation of financial plans and budgets geared towards the corporate goal of the group among others

**From:** September 1979 DELOITTE

**To:** November 1986

**Professional accountancy/Consultancy**

Started as an audit trainee and promoted to an Accountant-in-charge in June 1980. From January 1985 worked as an Audit Manager.

**From:** May 1977

**B.S. MOHINDRA & COMPANY LIMITED.**

**To:** September 1979

**Importers and wholesalers of electronic goods**

Started as an Accounts Clerk and at the time of leaving was Assistant Accountant. Work involved Bookkeeping and the preparation of accounts.



KENYA COPYRIGHT BOARD



**Dr. Marisella N. Ouma**  
**Executive Director**  
**Kenya Copyright Board**

**KEY PROFESSION: Lawyer/Advocate**

**ACADEMIC QUALIFICATIONS:**

PhD, Queen Mary University of London, LLM, Stockholm University, Postgraduate Diploma in Intellectual Property Law, WIPO Academy/ University of Turin, Post Graduate Diploma, Kenya School of Law, LLB (Hons), University of Nairobi

Dr. Ouma, an Advocate of the High Court of Kenya has fifteen years of well-rounded experience in law specializing in Intellectual Property. She was a Herchel Smith Scholar at Queen Mary University of London and a research fellow at the Max Planck Institute of Tax, Intellectual Property and Competition Law, Munich. Dr Ouma has taught Intellectual Property Law at the University of Nairobi and co taught at the Queen Mary University of London. She is a visiting lecturer at the African University in Mutatre, Zimbabwe. She is widely published.

**DATE OF BIRTH: April 10, 1972**

**KEY QUALIFICATIONS:**

PhD, Queen Mary University of London, Strategic Planning and Management, Advocate of the High Court of Kenya, CPS

**WORK EXPERIENCE:**

**Executive Director**

Kenya Copyright Board, October 2008 to date

**Acting Executive Director**

State Law Office August 2006 to September 2008

**Senior State Counsel**

Copyright Section Office of the Attorney General

**State Counsel I**

**State Counsel II**

Copyright Section Office of the Attorney General

June 1997 to July 2006

**Consultancies**

World Intellectual Property Organisation (WIPO)

International Centre for Trade and Sustainable Development (ICTSD)

Wits Enterprise and IDRC





Common Market for East and Southern Africa (COMESA)

Southern and Eastern Africa Copyright Network (SEACONET)



KENYA COPYRIGHT BOARD

### III.MANAGEMENT TEAM

 <p>1. Marisella Ouma PhD, LL.M. LLB (hons) Key Profession: ADVOCATE</p>	<p>Executive Director</p> <p>Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors</p>
 <p>2. Edward Sigei LLM, LLB Key Profession: ADVOCATE</p>	<p>Head of Legal &amp; Enforcement Departments</p> <p>Overall administration of Legal matters and Enforcement of copyright law</p>
 <p>3. Felister Njeru MBA, Bcom, CPA (K)</p>	<p>Head of Finance</p> <p>Finance and accounts management</p>
 <p>4. Rosemary Waithaka MBA, B Ed (Science) CIPR (UK)</p>	<p>Head of Public Communications</p> <p>Public awareness and publicity</p>



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5. Ketty Arucy  
Bachelor of Arts

Head of HRM & Administration:  
Human Resource matters, policies, surveys training and other administrative issues



6. Mercy Odiwa  
Bachelor of Arts in Economics

Head of Supply Chain Management:  
Management of office supplies and stock taking



7. George Njoroge  
Bachelor of Science (Computer Science & Engineering)

Head of ICT  
ICT issues including websites and intranet



### III. CHAIRMAN'S STATEMENT

The Kenya Copyright Board has in the last one year made considerable progress despite the limited resources and other external challenges such as the proposed merger of state corporations. The Board of Directors has endeavoured to come up with the relevant policies for the management to effectively implement the mandate of the Board with the limited resources.

The Board of Directors in line with the principles of corporate governance has ensured that KECOBO has sound policy documents and efficient administrative structures for the effective execution of its mandate. Having a diverse and professional skills within the Board, KECOBO has reviewed its performance as per the 2009/2012 Strategic Plan and come up with the 2014/2017 Strategic Plan in line with the MTP II, towards actualisation of vision 2030. The Board has also revised and adopted the Human Resources Policy Manual, The Career Progression and Job description manual.

In terms of performance, KECOBO has positioned itself a world-class agency in the administration of copyright and related rights. The enforcement of copyright and related rights has seen a remarkable growth in the creative sector especially in relation to film, music and software. This has had a significant contribution to the employment of youth and the growth of the economy as a whole.

Limited resources, especially funding and human resources has adversely affected the performance of the Kenya Copyright Board in the last one year. This has been exacerbated by the looming merger with the resultant government circulars that limit the activities of the Board. With more resources allocated to the Board, KECOBO will provide for the generation of the much needed intellectual capital to spur economic growth and development in Kenya.



KENYA COPYRIGHT BOARD

#### IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

##### **Background**

The Kenya Copyright Board (KECOBO) is one of the few government agencies that deal with the knowledge economy. Its mandate, under the Section 5 of the Copyright Act Cap 130 of the Laws of Kenya (2001) is to administer and enforce copyright and related rights in Kenya. KECOBO's mission is to promote the growth of the creative industries through administration and enforcement of copyright for socio economic development. Kenya, as a developing country, needs to nurture and protect the creative industries.

Countries like Nigeria, South Korea, United States and China all have vibrant copyright industries that contribute significantly to the GDP through the creation of intellectual capital, creation of employment especially among the youth and revitalisation of other sectors within the economy. Currently, copyright-based industries contribute close to 5.3 % to the GDP in Kenya and have the potential to contribute up to 10% by 2018.

The effective execution of this mandate is very crucial to economic growth and development through the facilitation of the creation of intellectual capital from the creative industries. KECOBO has been able to execute its mandate to a large extent owing to the dedication and expertise from the management and all members of staff.

##### **Achievements**

The year started on a low note due to the limited budget allocation of KES 91 KECOBO management has tried to maximise on the limited resources available. This includes adopting effective cost cutting measures such as use of the electronic and in particular the social media to communicate to the public and engage other stakeholders. KECOBO has also leveraged on collaborative partnerships to achieve some of their targets such as training, awareness creation and enforcement of copyright and related rights. Through these collaborative efforts and other cost saving measures, KECOBO was able to save KES 2 095 931. KECOBO also raised KES 3 111 391 through the registration of copyright and related rights, KECOBO open day as well as the implementation of the anti piracy security device.

The core activity is the enforcement of copyright and related rights in Kenya. KECOBO, in the last one year was able to train over 300 police officers on the investigation of copyright infringement cases, which led to an increase in the number of cases investigated and prosecuted in court. KECOBO was also able to successfully implement the anti piracy security device which has significantly reduced the level of piracy in the local music industry. This has seen a decrease in the levels of unauthorised use of copyright protected works especially within the local industry. In the last one year, we have seen an increase in locally produced works in the area of film, television programmes, software as well as visual arts.



On awareness creation, KECOBO held an open day which provided the stakeholders with an opportunity to have clear picture of the various copyright industries from film, music, book publishing, software, visual arts, broadcasting among others and how they benefit from copyright protection. KECOBO was also able to redesign the website and ensure that information was sent out through the social media, as well as online publications such as newsletters, and IEC material.

Members of staff have had the opportunity to benefit from in house workshops and seminars, professional as well as technical training in various fields including accounts, human resource, legal and enforcement and ICT. This has greatly improved the service delivery especially in relation to registration of copyright works and other core as well as support activities. During the year, KECOBO launched the mobile phone payments, which has been embraced by the rights holders and increased the ease of registration of copyright works and authentication of copyright works. This also cuts down on the transaction costs. The automation level of the Kenya Copyright Board is currently at 59%.

The management team, through the professional guidance by the Board of Directors has been able to make significant progress in Kenya and this not only has an impact on the country as a whole but also on the region. KECOBO has actualised its vision to become a world-class agency in the administration and enforcement of copyright and management of traditional knowledge and is used as a model by the World Intellectual Property Organisation. The management structure is lean but highly effective.

## **Challenges**

The Legal and enforcement department was limited in their work due to the resignation of two state counsel and one copyright inspector. This was exacerbated by the government circular that prohibited the hiring of staff by entities that had been earmarked for merger. KECOBO has not been able to keep up with the work load especially in the prosecution of cases leading to reduced court cases and have also been forced to scale down on the enforcement actions such as raids.

The limited number of vehicles has also affected the enforcement and public awareness activities. Currently, KECOBO only has three vehicles which are expected to cover the entire country.

Other areas that have been affected by the freeze are the internal audit function. KECOBO has requested for secondment of staff to fill in the vacancy but the government also has a challenge in terms of the qualified staff, who could have been seconded. The scheduled promotions were



KENYA COPYRIGHT BOARD

also put on hold adversely affecting the morale of the members of staff. KECOBO currently has 38 members of staff against the optimal number of 64.

The low budget allocation also limits the number of activities that can be carried out to effectively. This has also limited the number of motor vehicles to 3, and no option to hire as there are no funds available. The proposed merger has also affected the overall activities due to the various government circulars that have put several things on hold until the merger goes through. It also created a level of uncertainty and affects service delivery.

The lack of an internal auditor presents its challenges but the management has strived to ensure that the systems work efficiently and have put in place checks and balances to ensure maximum compliance and proper implementation of the Board's policies.

KECOBO was not able to implement the electronic document management system due to the government circular that limited the procurement by state corporations that have been earmarked for merger. This has greatly affected the service delivery as KECOBO already has a limited staff complement and the implementation of the system could have helped improve the situation.

## **Conclusion**

The year has been a mixed bag of challenges and opportunities. KECOBO has taken advantage of the opportunities to ensure that it plays its part driving Kenya to a middle income economy by 2030. With increased support from the government and the dedicated Board of Directors, Management and other staff members, and the able leadership of our chairman Mr. Tom Mshindi, KECOBO will facilitate the growth and development of the creative industries in Kenya.

## **V. CORPORATE GOVERNANCE STATEMENT**

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

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



## **BOARD OF DIRECTORS**

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

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

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

## **BOARD COMMITTEES**

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

### **a) Human Resource Committee**

The committee meets at least once in every quarter to review human resource policies and make suitable recommendations to the Board on senior management appointments.

This committee also oversees the nomination functions and senior management performance reviews. During the year the committee reviewed the Board human resource policy, career guideline and job description.

The members of this committee as the year under review were:-

1. Ms. Nancy Karimi
2. Mr. Desmond Katana Harrison, HSC
3. Ms. Catherine Ngengi
4. Mr. Rufus Thuku
5. Mr. Philip Ndolo



#### **b) Board Audit Committee**

The membership of the Board Audit Committee comprises of five non-executive directors. The Board Audit Committee meets at least once every quarter and is mandated to raise the standards of corporate governance by continuously improving the quality of financial reporting, strengthening the control environment and the effectiveness of the internal auditing functions. The Board Audit Committee also monitors management compliance with relevant local legislation, regulations and guidelines issued by regulatory bodies, as the Board's laid-down policies and procedures.

Members to Board Audit Committee are:-

1. Mr. Ezekiel Mutua
2. Mr. David Muriithi
3. Mr. Charles Peter Asiba
4. Ms. Catherine Ngengi
5. Ms. Belinda Kiilu

#### **c) Board Finance Committee**

The membership of the Board Finance Committee comprises of five non-executive directors. The Board Finance Committee meets at least once every quarter and is mandated to approve budget, ensure compliance with set budget levels and utilization of allocated funds on programmed activities.

The Board Finance Committee also reviews progressive reports on expenditures of the Board from time to time and makes recommendation to the Board on issues relating to procurement.

Members to these committee are:-

1. Mr. Anil Kumar Kapila
2. Mr. Joseph Kipkoech
3. Mr. Charles Peter Asiba
4. Dr. Rhoda Birech
5. Mr. David Muriithi



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#### **d) Board Legal and Technical Affairs Committee**

The membership of the Board Legal and Technical Affairs Committee comprises of nine non-executive directors. Board Legal and Technical Affairs Committee meets at least once every quarter and is mandated to review Copyright Act when need arises. It is also mandated with the responsibility of ensuring that Collective Management Organisations adhere to the law and recommends on the renewal of their licences.

Members to Legal and Technical Committee are:-

1. Dr. Henry K. Mutai
2. Ms. Belinda Kiilu
3. Mr. Lawrence K. Njagi
4. Dr. Isaac Michael Rutenberg
5. Mr. Ezekiel Mutua
6. Mr. Desmond Katana Harrison, HSC
7. Ms. Sylvia Gichia
8. Mr. Charles Peter Asiba
9. Mr. David Muriithi

#### **VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

As part of the Kenya Copyright Board's Corporate Social Responsibility (CSR), it partnered with the Nyeri County Administration and Small Scale Growers Research Centre (SSRC) (a community based organisation) and planted over 1,000 trees in the environs of Mt. Kenya water catchment area. A total of 250 trees were planted at the Hohwe Dam and the other 750 trees were planted in three primary schools namely Hinga, Ngorano and Kahira-ini all in Nyeri County. In addition, Kenya Copyright Board contracted Jojo Records a group of local musicians and produced an environmental conservation song. A copy of this song was later shared with the National Environmental Management Authority (NEMA) so that they can use it in their environmental conservation awareness activities.

Kenya Copyright Board also offers free copyright training to various interested stakeholders nationwide on request. To date it has trained over 1,000 creative artists amongst them musicians, visual artists, film makers, editors, craftpreneurs and computer professionals at the Kuona Trust, Creative Garage, Sarakasi Dome and various tertiary institutions.

#### **VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year. The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial



## KENYA COPYRIGHT BOARD

### STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from Government		96,485,000	93,744,000
		<b>96,485,000</b>	<b>93,744,000</b>
<b>Revenue from exchange transactions</b>			
Other incomes	3	3,111,391	2,569,746
		<b>3,111,391</b>	<b>2,569,746</b>
<b>Total revenue</b>		<b>99,596,391</b>	<b>96,313,746</b>
<b>Expenses</b>			
Employee costs	4	63,385,058	45,042,105
Directors' Remuneration	5	6,626,716	6,198,769
Depreciation and amortization expense	6	8,548,885	7,233,189
Repairs and maintenance	7	1,244,149	1,020,536
Contracted services	8	262,144	-
General expenses	9	27,126,109	23,836,989
<b>Total expenses</b>		<b>107,193,062</b>	<b>83,331,588</b>
<b>Surplus /Deficit for the period</b>		<b>(7,596,670)</b>	<b>12,982,158</b>

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



**KENYA COPYRIGHT BOARD**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	17,746,076	20,471,950
Receivables from non-exchange transactions	11	4,301,946	4,819,749
Inventories	12	9,778,698	10,604,847
		<u>31,826,720</u>	<u>35,896,546</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	15,757,645	14,362,361
Intangible assets	14	885,625	=
		<u>16,643,270</u>	<u>14,362,361</u>
<b>Total assets</b>		<u>48,469,990</u>	<u>50,258,907</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	15	4,095,640	2,069,294
<b>Non-current liabilities</b>			
Payables	16	1,337,059	2,665,999
<b>Total liabilities</b>		<u>5,432,699</u>	<u>4,735,293</u>
<b>Net assets</b>			
Reserves		3,437,014	3,437,014
Accumulated surplus		39,600,277	42,086,600
Total reserves		<u>43,037,290</u>	<u>45,523,614</u>
<b>Total net assets and liabilities</b>		<u>48,469,990</u>	<u>50,258,907</u>

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

**M. OUMA**  
Executive Director

**Chairman of the Board**

Date...05.10.14

Date...06.07.2015



**KENYA COPYRIGHT BOARD**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Capital reserve Kshs '000</b>	<b>Accumulated surplus Kshs '000</b>	<b>Total Kshs '000</b>
<b>Balance as at 30 JUNE 2012</b>	<b>3,437,014</b>	<b>29,104,442</b>	<b>32,541,456</b>
Surplus/(deficit) for the period	-	12,982,158	12,982,158
Transfers to/from accumulated surplus	-	-	-
<b>Balance as at 30 June 2013</b>	<b>3,437,014</b>	<b>42,086,600</b>	<b>45,523,614</b>
Surplus for the period	-	(7,596,670)	(7,596,670)
Revalued surplus	-	5,110,347	5,110,347
<b>Balance as at 30 June 2014</b>	<b>3,437,014</b>	<b>39,600,277</b>	<b>43,037,291</b>



**KENYA COPYRIGHT BOARD**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>Surplus for the year</b>		(7,596,670)	12,982,158
Adjusted for:			
Depreciation and amortization		<u>8,548,885</u>	<u>7,233,189</u>
		<u>952,215</u>	<u>20,215,347</u>
<b>Changes in working capital</b>			
Increase / Decrease in Debtors		517,803	(1,113,994)
Increase / Decrease in Creditors		697,406	(850,189)
Increase / Decrease in Inventory		<u>826,149</u>	<u>659,853</u>
<b>Net Cash flow from working capital</b>		<u>2,041,358</u>	<u>1,304,330</u>
<b>Net Cash flow from Operating Activities</b>		<u>2,993,573</u>	<u>16,835,326</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,391,009)	(3,636,624)
Acquisition of intangible assets		<u>(1,328,438)</u>	-
<b>Net cash flows used in investing activities</b>		<u>(5,719,447)</u>	<u>(3,636,624)</u>
<b>Cash flows from financing activities</b>		-	-
Increase in cash and cash equivalents		(2,725,874)	15,274,393
Cash and cash equivalents at 1st July	26	<u>20,471,950</u>	<u>5,197,557</u>
<b>Cash and cash equivalents at 30 June</b>	26	<u>17,746,076</u>	<u>20,471,950</u>



KENYA COPYRIGHT BOARD

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2013-2014 Kshs '000	Adjustments 2013-2014 Kshs '000	Final budget 2013-2014 Kshs '000	Actual 2013-2014 Kshs '000	Performance difference 2013-2014 Kshs '000
<b>Revenue</b>					
Revenue Reserve	20,470,000	-	20,470,000	20,470,000	-
Government grants and subsidies	91,485,000	5,000,000	96,485,000	96,485,000	-
Rendering of services	3,000,000	-	3,000,000	3,111,391	111,391
<b>Total income</b>	<b>114,955,000</b>	<b>5,000,000</b>	<b>119,995,000</b>	<b>119,995,000</b>	<b>-</b>
<b>Capital Expenditure</b>					
Alteration to building/Civil Works	1,800,000	(100,000)	1,700,000	1,506,260	193,740
Office Furniture & General Equipment	8,500,000	(150,000)	8,350,000	4,149,502	4,200,498
<b>Total Capital Expenditure</b>	<b>10,300,000</b>	<b>(250,000)</b>	<b>10,050,000</b>	<b>5,655,762</b>	<b>4,394,238</b>
<b>Expenses</b>					
Compensation of employees	63,583,308	(7,583,308)	56,000,000	55,924,191	75,809
Utilities Supplies & Services	100,000	-	100,000	-	100,000
Communication Supplies & Services	1,190,000	90,000	1,280,000	1,097,999	182,001
Domestic Travel Subsistence & Transport Cost	5,000,000	100,000	5,100,000	4,578,987	521,013
Foreign Travel Subsistence & Transport Cost	3,300,000	100,000	3,400,000	2,881,880	518,120
Publicity & Information Supplies	3,730,000	2,000,000	5,730,000	4,989,807	760,193
Rent paid	12,807,000	343,000	13,150,000	11,788,205	1,361,795
Training Expenses/	2,000,000	1,450,000	3,450,000	2,392,493	1,057,507
Office Catering Services	1,000,000	300,000	1,300,000	1,165,433	134,567
Board of Directors' Expense	5,600,000	1,600,000	7,200,000	6,626,716	573,284
Specialized Materials & Services	250,000	130,000	380,000	6,110	373,890
Office & General Supplies	1,350,000	400,000	1,750,000	1,673,865	76,135
Motor Vehicle Expenses	1,432,000	100,000	1,532,000	1,438,616	95,884
Office Operating Expenses	510,000	(120,000)	390,000	299,916	90,084
Professional Services	1,500,000	1,300,000	2,800,000	2,340,644	459,356
Repair & Maintenance	875,000	625,000	1,500,000	1,016,649	483,351
Anti piracy Device Expenses	400,000	600,000	1,000,000	422,665	577,335
<b>Total Expenses</b>	<b>104,627,308</b>	<b>1,434,692</b>	<b>106,062,000</b>	<b>98,644,176</b>	<b>7,417,826</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of compliance and basis of preparation

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

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

### 2. Summary of significant accounting policies

#### a) Revenue recognition

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

#### **Transfer from Government Grant**

Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

##### ii) Revenue from exchange transactions

#### **Rendering of services**

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

#### **Sale of goods**

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



## NOTES TO THE FINANCIAL STATEMENTS

### **b) Inventories**

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

### **c) Property, plant and equipment**

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

### **d) Intangible assets**

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

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

### **e) Amortization of Intangible assets**

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

### **f) Related parties**

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



KENYA COPYRIGHT BOARD

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### **g) Provisions**

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

### **h) Taxation**

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

### **i) Employee benefits**

#### **Retirement benefit plans**

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

The Board contributes to a statutory defined contribution scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Shs 200 per employee per month.

### **j) Cash and cash equivalents**

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

### **k) Financial instruments**

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

#### **Trade receivables**

Trade receivables are carried at anticipated realised value.



## KENYA COPYRIGHT BOARD

### NOTES TO THE FINANCIAL STATEMENTS CONTINUED

#### Trade payables

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

#### l) Leases

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

#### m) Depreciation

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

Motor vehicles	25%
Office equipment	12.5%
Computer equipment	33.3%
Furniture	12.5%
NHIF Partitions	16.667%

#### n) Comparative figures

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

#### o) Significant judgments and sources of estimation uncertainty

The preparation of the Board'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 Board based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

### ***Useful lives and residual values***

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

- The condition of the asset based on the assessment of experts employed by the Board
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

### **p) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.



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**KENYA COPYRIGHT BOARD**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED;**

	<b>2014</b>	<b>2013</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>3. Other income</b>		
Copyright Registration	1,043,006	940,000
Sale of Stickers	738,536	965,000
Sale of Tenders	-	318,000
Refunds	398,505	-
Others	931,344	85,376
<b>Total income</b>	<b><u>3,111,391</u></b>	<b><u>2,569,746</u></b>
<b>4. Employee costs</b>	<b>2014</b>	<b>2013</b>
	<b>Shs.</b>	<b>Shs.</b>
Basic Salaries	26,710,911	18,285,694
Pensions and Medical	10,626,259	4,266,862
Travel, accommodation and other allowances	7,460,867	9,285,061
Housing benefits and allowances	18,509,217	13,128,173
Overtime payments	<u>77,804</u>	<u>76,315</u>
<b>Total employee costs</b>	<b><u>63,385,058</u></b>	<b><u>45,042,105</u></b>
<b>5. Directors Remuneration</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<b>Shs.</b>	<b>Shs.</b>
Sitting allowance	5,582,716	5,154,769
Chairman honorarium	960,000	960,000
Chairman telephone allowance	<u>84,000</u>	<u>84,000</u>
<b>Total Directors Remuneration</b>	<b><u>6,626,716</u></b>	<b><u>6,198,769</u></b>



**KENYA COPYRIGHT BOARD**  
**NOTES TO FINANCIAL STATEMENT CONTINUED**

<b>6. Depreciation and Amortization Expense</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<b>Shs.</b>	<b>Shs.</b>
Property, plant and equipment	8,106,072	7,233,189
Intangible assets	<u>442,813</u>	=
<b>Total Depreciation and Amortization</b>	<b><u>8,548,885</u></b>	<b><u>7,233,189</u></b>

<b>7. Repairs and Maintenance</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<b>Shs.</b>	<b>Shs.</b>
Buildings	-	372,393
Equipment	82,200	19,000
Vehicles	903,389	428,683
Others	<u>258,560</u>	<u>200,460</u>
<b>Total repairs and maintenance</b>	<b><u>1,244,149</u></b>	<b><u>1,020,536</u></b>

<b>8. Contracted services</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<b>Shs.</b>	<b>Shs.</b>
Asset valuation	262,144	-
<b>Total contracted services</b>	<b><u>262,144</u></b>	<b>=</b>



## KENYA COPYRIGHT BOARD

### NOTES TO FINANCIAL STATEMENT CONTINUED

	2013-2014	2012-2013
	<u>Shs.</u>	<u>Shs.</u>
9. General expenses		
Advertising	3,992,061	2,662,099
Audit fees	290,000	290,000
Conferences and delegations	1,165,433	1,142,227
Consulting fees	959,900	-
Consumables	913,983	448,346
Fuel and oil	1,004,754	998,224
Insurance	600,986	778,040
Postage	32,160	41,592
Printing and stationery	1,955,293	1,597,562
Hire charges	828,600	718,678
Rental	11,788,205	10,564,654
Telecommunication	1,065,839	689,575
Training	2,392,493	3,563,527
Other	<u>136,402</u>	<u>342,465</u>
<b>Total General expenses</b>	<b><u>27,126,109</u></b>	<b><u>23,836,989</u></b>



**KENYA COPYRIGHT BOARD**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

<b>10. Cash and Cash equivalent</b>	<b>2013-2014</b>	<b>2012-2013</b>
	Shs.	Shs.
Bank	17,522,522	20,413,544
Cash	<u>223,554</u>	<u>58,406</u>
<b>Total Cash and Cash equivalent</b>	<u><b>17,746,076</b></u>	<u><b>20,413,544</b></u>
<b>11. Receivables from non-exchange transactions</b>	<b>2013-2014</b>	<b>2012-2013</b>
	Shs	Shs
Staff Salary Advance	73,076	58,965
Staff Temporary Imprest	48,741	623,328
Staff debtor	9,768	-
Rent Deposit	2,441,205	2441,205
Medical Insurance cover	399,406	370,801
July airtime and Internet	65,200	60,900
Judiciary Fines	<u>1,264,550</u>	<u>1,264,550</u>
<b>Total Receivables</b>	<u><b>4,301,946</b></u>	<u><b>4,819,749</b></u>
<b>12. Inventories</b>	<b>2013-2014</b>	<b>2012-2013</b>
	Shs	Shs
Consumables	-	628,352
Hologram Stickers	<u>9,778,697</u>	<u>9,976,495</u>
<b>Total Inventories</b>	<u><b>9,778,697</b></u>	<u><b>10,604,847</b></u>



KENYA COPYRIGHT BOARD

**KENYA COPYRIGHT BOARD**

**13. PROPERTY PLANT AND EQUIPMENTS**

	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>NHIF Partition</b>	<b>Computer Equipments</b>	<b>Total</b>
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At July 1, 2012	10,564,308	2,918,280	3,389,633	7,973,640	5,587,186	30,433,047
Additions	-	69,800	1,086,000	-	2,480,824	3,636,624
<b>At June 30, 2013</b>	<b>10,564,308</b>	<b>2,988,080</b>	<b>4,475,633</b>	<b>7,973,640</b>	<b>8,086,010</b>	<b>34,069,671</b>
Additions	-	526,300	1,506,260	-	2,358,449	4,391,009
Adjustments	(8,485,929)	-	-	-	(2,665,822)	(11,151,751)
Revalue	5,741,621	-	-	-	-	5,741,621
<b>At June 30, 2014</b>	<b>7,820,000</b>	<b>3,514,380</b>	<b>5,981,893</b>	<b>7,973,640</b>	<b>7,760,637</b>	<b>35,050,550</b>
<b>Depreciation and Impairment</b>						
At July 1, 2012	5,213,578	945,684	1,194,828	1,931,190	3,188,841	12,474,121
Depreciation	2,641,077	373,510	559,454	996,705	2,662,443	7,233,189
<b>At June 30, 2013</b>	<b>7,854,655</b>	<b>1,319,194</b>	<b>1,754,282</b>	<b>2,927,895</b>	<b>5,851,284</b>	<b>19,707,310</b>
Depreciation	1,955,000	439,297	747,737	1,328,967	2,584,292	8,031,230
Adjustments	(7,854,655)	-	-	1,050,779	(2,665,822)	(10,520,477)
Net Depreciation	1,955,000	439,297	747,737	2,379,746	2,584,292	8,106,072
<b>At June 30, 2014</b>	<b>1,955,000</b>	<b>1,758,491</b>	<b>2,502,019</b>	<b>5,307,641</b>	<b>5,769,754</b>	<b>17,292,905</b>
<b>NET BOOK VALUE AS AT 30.06.2014</b>	<b>5,865,000</b>	<b>1,755,889</b>	<b>3,479,874</b>	<b>2,665,999</b>	<b>1,990,883</b>	<b>15,757,645</b>
<b>NET BOOK VALUE AS AT 30.06.2013</b>	<b>2,709,653</b>	<b>1,668,886</b>	<b>3,772,157</b>	<b>3,994,939</b>	<b>2,216,726</b>	<b>14,362,361</b>

1. Motor vehicle class has been stated at the value on pre-insurance vehicle inspection report.
2. Computer equipments fully depreciated have been removed and put in the list of the disposal assets.



**KENYA COPYRIGHT BOARD**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED;**

<b>14. Intangible Assets-Computer Software</b>	<b>2013-2014</b>	<b>2012-2013</b>
Cost	Shs.	Shs.
At 1 July	-	-
Additions	<u>1,328,438</u>	-
30 <sup>th</sup> June	<u>1,328,438</u>	-
Amortization	<u>442,813</u>	-
Net book value as at 30 <sup>th</sup> June	<u>886,025</u>	-
<b>15. Current payables</b>	<b>2013-2014</b>	<b>2012-2013</b>
Cost	Shs.	Shs.
Provision for Audit fees	290,000	290,000
Partitions(NHIF)	1,328,940	1,328,940
NSSF	2,000	2,000
PAYE	9,000	9,000
Sheria Welfare Association	1,000	1,000
Staff Creditors	-	15,924
Big City Limited		58,000
Centre Press Media		94,200
Computer Biz Machines		9,000
Kenya Toners & Ink Supplies		152,160
Exclusive Bureau	9,500	15,785
Silverbird Travel	-	93,285
Gratuity	<u>2,455,200</u>	-
<b>Total</b>	<u><b>4,095,640</b></u>	<u><b>2,069,294</b></u>



**KENYA COPYRIGHT BOARD**

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED;**

	<b>2014</b>	<b>2013</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>16. Non Current payables</b>		
Partitions(NHIF)	1,337,059	2,665,999

Kshs.1, 626,974 worth of partitioning paid by the board for the period that Kenya Copyright Board occupied offices on forth floor will cover the last 15 months to the end of the current lease

<b>17. RELATED PARTY TRANSACTIONS</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<u>Shs.</u>	<u>Shs.</u>
Remuneration of Directors		
Allowances paid to Directors	6,626,716	6,198,769
Key management compensation		
Salaries and other short term employment benefits	19,888,668	12,723,746
Outstanding balances with related parties		
Staff receivables	131,585	682,293

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

**a) Credit risk management**

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



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

### Classification of credit risk bearing assets

The table below represents company's maximum exposure to credit risk as at 30<sup>th</sup> June 2014.

#### At 31 June 2014

	Fully performing	Past due	Impaired	Total
Bank balances	17,746,076	-	-	17,746,076

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

#### b) Liquidity risk management

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

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

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

	1 - 6 months Shs 000	6 - 12 months Shs 000	1 - 5 years Shs 000	Total Shs 000
<b>At 30 June 2014</b>				
<b>Financial liabilities</b>				
Trade payables	4,095,640	-	-	4,095,640
<b>At 30 June 2013</b>				
<b>Financial liabilities</b>				
Trade payables	2,069,294	-	-	2,069,294



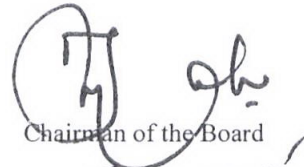
### PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Board did not have any issues outstanding during the last year of audit.

M. OUMA

Executive Director

Date...05/01/15

  
Chairman of the Board  
Date...06.01.2015