

REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 22 FEB 2022

DAY:

TUESDAY

TABLED
BY:

LOM

CLERK-AT
THE-TABLE:

Mainah Wanjiku

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA COPYRIGHT BOARD

**FOR THE YEAR ENDED
30 JUNE, 2020**



KENYA COPYRIGHT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020

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

KENYA COPYRIGHT BOARD

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

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

(c) Key Management

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

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

Finance and Audit committees of KECOBO

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

Committees

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

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

Accountability

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

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

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

i. The Audit & Risk Management Committee

The committee has a charter setting out its responsibilities. Some of its duties include oversight over financial statements and financial reporting; general compliance, internal control and risk management. The Executive Director is not a member of this committee as per common practice. The committee, like all other committees, plays an advisory role. The members of this committee for the quarter under review were: Ms. Mary Maina – Chairperson, Mr. Kennedy Omari, Mr. Mwaniki Mageria & Mr. Ainea Martin Omuse.

ii. The Finance & Human Resource Committee

The committee oversees the budgeting function of the Board, reviews progressive reports on the expenditure of the Board and makes recommendations to the Board on issues relating to procurement. The committee also ensures overall sound financial reporting before approval by the entire Board. On human resources, it reviews all Board HR actions and makes suitable recommendations to the Board. It also makes appointments in senior management positions as well as overseeing the performance reviews. The members of this committee for the period under review were: Mr. Juma Odemba- Chairman, Dr. Donald Otoy, Mr. Ainea Martin Omuse & Ms. Leah Baraza.

iii. The Legal and Technical Affairs Committee

The membership of the Board of the Legal and Technical Affairs Committee comprises five Non-Executive Directors. The committee is mandated to review The Copyright Act when the need arises. It is also mandated with the responsibility of ensuring the Collective Management Organizations (CMOs) adhere to the law and makes recommendations on the renewal of their

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licences. The members of this committee for the period under review were: Mr. Mwaniki Mageria – Chairman, Dr. Donald Otoyoy, Mr. Juma Odemba, Mr. Kennedy Omari & Ms. Leah Baraza.

Frequency of meetings

All committees meet at least four times in a year and as guided by government circulars and specifically Circular OP/CAB.9/1A of March 11, 2020. All committees also maintain records of their deliberations diligently as required by law. The Board of Directors of Kenya Copyright Board has therefore met its legal and regulatory requirements as far as fiduciary oversight arrangements are concerned.

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(a) Board Headquarters

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

(b) Board Contacts

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

(c) Board Bankers

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

(d) Independent Auditors

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

(f) Principal Legal Adviser

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

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THE BOARD OF DIRECTORS

	Mr. Joseph Mutuma Mathiu Chairman, From May, 2019 PROFESSIONAL BACKGROUND: JOURNALIST/ EDITOR	EDUCATION & PROFESSIONAL QUALIFICATIONS: Master of Arts (University of Leeds) Post Graduate Diploma in Mass Communications (UON) Member, Kenya Editors Guild Member, Media Council of Kenya <u>CURRENT POSITION</u> GROUP EDITORIAL DIRECTOR NATION MEDIA GROUP
	Dr. Donald Otoy Ondieki Director representing PS, Ministry of National Heritage and Culture. PROFESSION: Performing Artist, Music Educator, Researcher and Music Industry specialist.	EDUCATION & PROFESSIONAL QUALIFICATIONS: Doctor of Philosophy (PhD) Degree (Performance and Education), Kenyatta University. (2005 – 2010) CURRENT POSITION Director, Permanent Presidential Music Commission Ministry of Sports, Culture and The Arts

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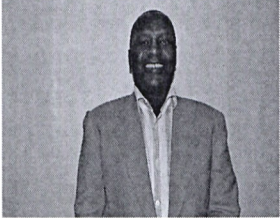
For the year ended June 30, 2020

 <u>Ms. Mary Maina</u> Independent Director representing publishers, authors and writers' associations. PROFESSIONAL BACKGROUND: Council member, Kenya Publishers Association (KPA) & MD, Moran Publishers Ltd	ACADEMIC AND PROFESSIONAL QUALIFICATIONS: Bachelor of Commerce (UON) Holder of several Diploma Certificates in Marketing, Management and Counselling & Psychology <u>CURRENT POSITION</u> Managing Director, Moran (EA) Publishers Ltd. Formerly held middle level roles in two publishing houses.
 <u>Mr. Kennedy Omari</u> Director representing PS, Ministry of ICT Innovation and Youth Affairs. PROFESSION: PROCUREMENT EXPERT	PROFESSIONAL AND ACADEMIC QUALIFICATIONS: MASTERS IN COMMERCE Senior Management Course Diploma in Supplies Management <u>WORK EXPERIENCE:</u> Assistant Director, Procurement State Department of Broadcasting Ministry of ICT Innovation and Youth Affairs.
 Ainea Martin Omuse Director representing PS, National Treasury. PROFESSIONAL BACKGROUND ACCOUNTANT/ AUDITOR	KEY QUALIFICATIONS: • MBA • CPA (K) • Strategic Leadership Course • Member ICPAK, IIA, CFC and KIM WORK EXPERIENCE: Chief Internal Auditor, National Treasury Previously Assistant Accountant General, National Treasury

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 Mr. Timothy Juma Odemba, HSC Independent Director PROFESSIONAL BACKGROUND: Teacher and founder & Performing Artist	ACADEMIC QUALIFICATIONS: Primary Teachers Certification Shanzu Teachers College WORK EXPERIENCE/CURRENT POSITION • Founder and CEO, Kayamba Africa Group • Producer in Radio and Music Studios Founder/Member, Kenya Musicians Union (KEMU)
 Mr. Allan Githaiga Director representing Hon. Attorney General. PROFESSIONAL BACKGROUND: Advocate / Senior State Counse	ACADEMIC&PROFESSIONAL QUALIFICATIONS: Bachelor of Laws (LLB) Diploma in Law (KSL) Senior Management Course Strategic Leadership Management Course WORK EXPERIENCE: Principal State counsel
 Mr. Mwaniki Mageria	<u>ACADEMIC & PROFESSIONAL QUALIFICATIONS</u> Bachelor of arts (business Administration and Management), Daystar University <u>WORK EXPERIENCE:</u> • Founder, Riverwood Ensemble and Kalasha Film Awards

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Independent Director representing the Audiovisual Sector <u>Professional Background</u> Master of Ceremonies and Events Manager Founder/CEO Balozi productions ltd	• Presenter in a number of Radio Stations • Sales and Marketing Roles in Auto Industry • Artists Management
 Edward Sigei Executive Director KEY PROFESSION: ADVOCATE/ ADMINISTRATOR	PROFESSIONAL AND ACADEMIC QUALIFICATION Master in Law(LLM) Diploma in Law (KSL) Executive Director Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors

MANAGEMENT TEAM

 I. Edward Sigei LLM, LLB, LSK Key Profession: ADVOCATE	Executive Director Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors
	Chief Legal Counsel Legal Professional

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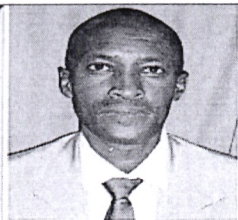
For the year ended June 30, 2020

2. George Nyakweba LLM, LLB, LSK	
 3. Elijah Mwangi BBM, CPA(K), ICPAK	Head of Internal Audit Internal Audit and ISO Quality Management
 4. Sharon M. Chahale MIP, LLB, LSK	Deputy Chief Legal Counsel Legal Professional
 5. Frederick Mutuku MBA, BCom, CPA (K), ICPAK	Head of Finance Finance and Accounts Management

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 6.Cyrus Kinyungu M.A Arts (Communications), B.ED.	Head of Public Communications Public awareness and publicity
 7.KettyArucy B.A, HND, HRM, AKIM	Head of HRM & Administration: Human Resource matters, policies, surveys training and other administrative Matters
 8. John Karuri MSC in Procurement and Logistics BBA.	Head of Supply Chain Management: Management of office supplies and stock taking.
 9. George Njoroge BSC (Computer Science & Engineering)	Head of ICT In charge of ICT infrastructure and Integrated Enterprise information systems

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CHAIRMAN'S STATEMENT

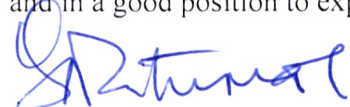
The Kenya Copyright Board received consistent though inadequate funding from Treasury during the period under audit.

The Board is looking at measures that can improve the KECOBO financial situation in addition to ensuring the proper administration of Copyright in the interest of artists.

The Board of Directors through its full sittings and committees continues to play its oversight roles robustly.

The impact of Covid-19 pandemic was devastating to the organisation as it affected the art sector from the onset in February 2020.

The foundation laid by the previous Board of Directors leaves the organisation as a going concern and in a good position to expand and grow.



Mr. Mutuma Mathiu

Chairman of the Board

Date.....31/5/21.....

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For the year ended June 30, 2020

REPORT OF THE EXECUTIVE DIRECTOR

Background

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

Achievements

This year KECOBO continued to face significant cash flow challenges due to austerity measures being implemented by the Government of Kenya making it difficult to execute its mandate effectively.

The outreach program led by the legal, enforcement and public communications department continued with about 600 individuals from publics, artists and other organizations being reached. A total of 47 police officers were trained in 5 police Stations during the period. The Board distributed about 5000 IEC materials during the period. The Board's activities during the year were affected by the onset of Covid-19 thus slowing down its activities and outreach programmes.

A number of training opportunities were made available for KECOBO staff with two members of staff benefitting from Masters in Intellectual Property scholarships. Two other members of the Inspectorate attended a month long program under sponsorship of the Government of India.

The inspectorate team investigated and filed 28 cases, with 14 being finalized.

During the year, KECOBO prosecutors were de-gazetted by the Office of the Director of Public Prosecutions (ODPP) badly affecting the effective work of the organization.

The organization managed to oversee the implementation of KECOBO CMO ICT system to provide for National Rights Registry and streamline the collection, monitoring of media and disbursement of royalty process for the sector.

The System shall ease the registration of copyright and monitoring of CMO activities a great deal. The publication of new tariffs for the sector facilitated by KECOBO during the same period was well received.

Conclusion

In the face of those challenges, KECOBO shall continue to build its capacity to discharge its mandate in line with the Vision 2030 and Big Four Agenda

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CORPORATE GOVERNANCE STATEMENT

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

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

BOARD OF DIRECTORS

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

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

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

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MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

KECOBO'S OPERATIONAL AND FINANCIAL PERFORMANCE

KECOBO has carried out its core activities with zeal and passion for the year under review. The legal and enforcement departments have continued to carry out the mandate of the Board effectively and efficiently despite the limited resources. Infringement of copyrights is a major problem in Kenya and huge resources are needed to drastically reduce the menace. However, the resources received by the Board are not sufficient to effectively deliver.

The potential of the creative industry is huge and a great asset to the economy of our country. The Board continues to create awareness and enforce copyright within the Financial, Physical, and Human capital resources however limited.

During the financial year, KECOBO attended six public events for the purpose of raising awareness: Legal awareness week; Pwani Innovation week; Nairobi International Book Fair; Ongea 4th East Africa Music Summit; Public Service Week and held two Copyright Clinics in Kwale and Mombasa. KECOBO hosted two public participation events, one for tariffs and the other for licensing of Collecting Societies. At the same time, KECOBO distributed over 15,000 copies of Guide to Copyright in Kenya; KECOBO Service Charter; Comics; Copyright News Magazine; Copyright and the Audio-visual industry in Kenya; Kenya Copyright Board Strategic Plan and Copyright and the Music Industry in Kenya during training and other events attended by the Board.

Kenya Copyright Board continues to regulate the creative industry and encourage & enhance accountability and transparency in management of Collective Management Organizations(CMOs). The CMOs' industry is dogged by many challenges which the Board is determined to root out. It is on this backdrop that a forensic Audit was ordered on the operations of Music Copyright Society of Kenya (MCSK), Kenya Association of Music Producers (KAMP) and Performers Rights Society of Kenya (PRISK). The forensic Audit covers the 3 financial periods. The findings of the audit will definitely redefine the creative industry going forward.

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Meanwhile Kenya is fast-tracking the ratification of the WIPO Internet Treaties and the Beijing Treaty. A draft national IP Policy is being reviewed and is expected to be approved soon.

During the year under review, copyright registration has continued to attract more rights holders and the future is definitely bright. A total of 1,613 registrations were received and processed during the year under review.

KECOBO is funded by the Government of Kenya to a great extent. This reliance on the government has seen the Board's stagnation in growth. The funding received is usually insufficient to fully support the mandate of the Board.

Since inception KECOBO has continued to receive a lean one-line-budget. It is from this amount where both capital projects and recurrent expenditure is met.

SECTION B

Entity's compliance with statutory requirements

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

SECTION C

Key projects and investment decisions the entity is planning/implementing

Following a presidential directive in January 2019 this year, the Board commenced the process of developing database for all copyright holders-The National Right Registry module, which is part of the KECOBO-CMO ICT system. The registration portal to the database is accessible at nrr.copyright.go.ke.

On May 27, the National Rights Registry was launched and creatives started registering copyright using the system. The Board of Directors gave a temporary waiver on registration of copyright as registration on the new database began. The National Right Registry gives all creatives in Kenya an opportunity to register their works in this central database managed by Kenya Copyright Board either as individual or as corporates.

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The database allows one to view all their copyright applications, create copyright registration application, make payment against the application where applicable and view and download their copyright registration certificates. Any interested person shall be able to search for an artist's works by title, or author's name among other search criteria. This search capability shall enable artists to file complaints for exclusion or unwarranted registration by other applicants

SECTION D

Major risks facing the entity

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

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

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

Budget allocated to KECOBO for the current financial year is Kshs. 124,000,000.00 and Appropriation In Aid expected from internal sources is about 3 million. Personnel emoluments for the year is projected to be kshs. 90,000,000. This leaves the Board with bear minimum for operations. This scenario poses a huge risk and therefore the need to address it. The table below shows KECOBO's revenue and corresponding expenditure for periods from 2016/2017 to 2019/2020. The Payroll Expenditure is increasing as the revenue declines.

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ITEM	2016/2017	2017/2018	2018/2019	2019/2020
	Actual	Actual	Actual	Actual
Revenue Reserve	23,657,025	21,690,726	9,426,944	5,151,247
A.I.A	12,079,645	4,091,804.50	3,917,228	4,069,277
GOK Grant	131,000,000	132,000,000	121,580,000	122,500,000
Other income	0	0	0	1,883,160
T. Revenue	<u>166,736,670</u>	<u>157,782,530.5</u>	<u>134,924,172</u>	<u>133,603,684</u>
T. Expenditure	<u>146,529,494</u>	<u>149,578,758</u>	<u>147,531,568</u>	<u>130,650,429</u>
T. PE Cost	61,467,123	72,371,669	83,191,350	83,316,464.
PE/Total Exp.	42%	48%	56%	64%

(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 limits set by the Board.

Classification of credit risk bearing assets

The table below Represents Board's maximum exposure to credit risk as at 30th June 2020

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At 30th June 2020

PARTICULARS		FULLY PERFORMING	PAST DUE	IMPAIRED	TOTAL
Bank balances		10,039,804			10,039,804
		10,039,804			10,039,804

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

(b) Liquidity Risk

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

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

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

DETAILS	1- 6 Months Shs	6- 12 Months Shs	1- 5 Years Shs	TOTAL Shs
At 30 June 2020(trade payables)	0	2,895,513	0	2,895,513
At 30 June 2019(Trade Payables)	3,289,214	4,442,763	0	7,731,977

(c) Market risk

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

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

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

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

a) Foreign currency risk

The Board has no transactional currency exposures.

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

SECTION E

Material arrears in statutory/financial obligations

The Board did not have any loan defaults or loans for that matter. It did not have any outstanding staff & pension obligations or even nonpayment of dividends. The Board endeavors to settle financial obligation arising from procurement process within the shortest time possible. Otherwise, the Board does not have any outstanding bills relating to previous financial periods.

SECTION F

The entity's financial probity and serious governance issues

The Board has now a fully constituted Board of Directors unlike in the previous financial period.

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

In June the Kenya Copyright Board team paid a visit to a Paradise Children's Home in Kibera and donated items to the home including food and Mattress

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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Board's affairs.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page vi.

Auditors

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

By Order of the Board

Edward Sigei


.....

Executive Director

Date 27/5/2021

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2020, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Board's financial statements were approved by the Board on 30th September 2020 and signed on its behalf by:

Director's Name
J. ODEMBIA
Director's Signature


Director's Name
Kennedy Omondi
Director's Signature


Director's Name
Mary Muthira Mutha
Director's Signature


REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Copyright Board set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of change in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly in all material respects, the financial position of the Kenya Copyright Board as at 30 June, 2020, 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 Public Finance Management Act, 2012 and the Copyright Act, Cap 130 of the laws of Kenya.

Basis for Qualified Opinion

1. Prior Year Adjustment

The statement of cashflows reflects a prior year adjustment of Kshs.2,612,039. The treatment is however, contrary to Paragraph 47 of International Public Sector Accounting Standard (IPSAS) No.1 that requires an entity to correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by restating the comparative amounts for prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

In the circumstances, the validity of the prior year adjustment of Kshs.2,612,039 in the statement of cash flows for the year ended 30 June, 2020 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.10,039,804 as at 30 June, 2020. However, the current account bank reconciliation statement for June, 2020 reflects payments in bank statement not in cashbook totalling to Kshs.3,813,709, out of which clearance status of balances totalling to Kshs.21,564 was not disclosed. Further, the clearance status of receipts in cashbook not in bank statement totalling to Kshs.4,530 was also not disclosed.

In the circumstances, the accuracy, validity and completeness of cash and cash equivalents balance of Kshs.10,039,804 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that 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

Composition of the Board of Directors

Review of the list of Board Members who served during the year under review indicated that out of the nine (9) Members, only one (1) Member was of the female gender translating to only 11%. This therefore is in contravention of Article 27(8) of the Constitution of Kenya 2010 which provides that the state shall take steps to ensure that not more than two-thirds of members of elective or appointive bodies shall be of the same gender. The Board composition does not therefore meet the requirements of the Constitution of Kenya 2010.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 November, 2021

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Ksh.
Revenue from non-exchange transactions			
Transfer from Government	3	124,383,160	121,580,000
		124,383,160	121,580,000
Revenue from exchange transactions			
Other incomes	4	4,069,277	3,917,228
		4,069,277	3,917,228
Total revenue		128,452,437	125,497,228
Expenses			
Employee costs	5	90,495,075	93,942,847
Directors' Remuneration	6	4,050,788	3,612,338
Depreciation and amortization expense	7	11,146,212	16,097,549
Repairs and maintenance	8	1,895,427	1,839,503
Contracted services	9	192,285	2,845,564
Use of goods & services	10	22,870,642	29,193,767
Total expenses		130,650,429	147,531,568
Surplus /(Deficit) for the Year		(2,197,992)	(22,034,340)

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

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Assets		2019-2020	2018-2019
Current assets		Kshs	Kshs
Cash and cash equivalents	11	10,039,804	5,151,247
Receivables from non-exchange transactions	12	8,093,028	7,408,397
Inventories	13	8,805,464	9,431,798
		<u>26,938,296</u>	<u>21,991,442</u>
Non-current assets			
Property, plant and equipment	14	1,292,605	5,646,038
Intangible assets	15	1,591,672	6,607,510
		<u>2,884,277</u>	<u>12,253,548</u>
Total assets		<u>29,822,573</u>	<u>34,244,990</u>
Liabilities			
Current liabilities			
Trade Payables	16	2,895,513	7,731,977
Non-current liabilities			
Long Term Liabilities			
Total liabilities		<u>2,895,513</u>	<u>7,731,977</u>
Net assets			
Reserves		3,437,014	3,437,014
Accumulated surplus		23,490,046	23,075,999
Total reserves		<u>26,927,060</u>	<u>26,513,013</u>
Total Asset and Reserves		<u>29,822,573</u>	<u>34,244,990</u>

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

Executive Director

Name: Edward Sigel

Signature: [Signature]

Date: 27/5/2021

Head of Finance

Name: F. MUTUKU

Signature: [Signature]

Date: 27/05/2021

ICPAK NO: 15853

Chairman of the Board

Name: [Signature]

Signature: [Signature]

Date: 29/5/21

KENYA COPYRIGHT BOARD**Annual Reports and Financial Statements****For the year ended June 30, 2020**

STATEMENT OF CHANGES IN NET ASSETS**FOR THE YEAR ENDED 30 JUNE 2020**

	Capital Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30th June 2018	3,437,014	47,809,378	51,246,392
Surplus/Deficit for the period	-	(22,034,340)	(22,034,340)
Prior year adjustments- (Note 21)		(87,000)	(87,000)
Balance as at 30th June 2019	3,437,014	25,688,038	29,125,052
Surplus/(Deficit) for the period		(2,197,992)	(2,197,992)
Bal as at 30th June 2020	3,437,014	23,490,046	26,927,060

Reserves

Reserves held during the period are capital reserves and accumulated surplus

Restatement of the opening Balance as 30th June 2018 to reflect the prior year adjustment relating to Ksh. 2,612,039. The opening balance has changed from Ksh. 45,197,339 to Ksh. 47,809,378 bringing the total balance inclusive of the reserves (Ksh. 3,437,014) to Ksh. 51,246,392

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
Surplus for the year		(2,197,992)	(22,034,340)
Adjusted for:			
Prior year adjustment		2,612,039	(87,000)
Depreciation and amortization	7	<u>11,146,212</u>	<u>16,097,549</u>
		<u>11,560,259</u>	<u>(6,023,791)</u>
Changes in working capital			
Increase / Decrease in Debtors	12	(684,631)	1,718,065
Increase / Decrease in Creditors	16	(4,836,464)	1,298,777
Increase / Decrease in Inventory	13	<u>626,333</u>	<u>22,524</u>
Net Cash flow from working capital		<u>(4,894,762)</u>	<u>3,039,366</u>
Net Cash flow from Operating Activities		<u>6,665,497</u>	<u>(2,984,425)</u>
Cash flows from investing activities			
Purchase of property, plant, equipment	14	950,813	(1,279,064)
WIP (Dynasoft)			-
Intangible Asset	15	<u>826,127</u>	<u>0</u>
Net cash flows used in investing activities		<u>(1,776,940)</u>	<u>(1,279,064)</u>
Cash flows from financing activities		-	-
		<u>(1,776,940)</u>	<u>(1,279,064)</u>
Cash and cash equivalents at 1st July	11	5,151,247	9,414,736
Increase in cash and cash equivalents		<u>4,888,557</u>	<u>(4,263,489)</u>
Cash and cash equivalents at 30th June 2020		<u>10,039,804</u>	<u>5,151,247</u>

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2020**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue Reserve	5,151,247		5,151,247	5,151,247	
Government grants	122,500,000		122,500,000	122,500,000	
Rendering of services	3,000,000		3,000,000	4,069,277	1,069,277
State-Law-Office (WIPO.CONF. Support	1,883,160		1,883,160	1,883,160	
Total income	132,534,407		132,534,407	133,603,684	
Capital Expenditure					
Furniture, Computers, &Equipment & Intangible assets					
Total Capital Expenditure					
Expenses					
Compensation of employees	89,408,033		89,408,033	83,316,464	6,091,568.52
Communication Supplies & Services	1,360,000		1,360,000	1,252,059	107,941
Domestic travel & subsistence	6,583,160	300,000	6,883,160	6,989,669	-106,509
Foreign travel & subsistence	250,000		250,000	188,942	61,058
Publicity & Information Supplies	1,830,000		1,830,000	1,648,650	181,350
Rent paid	16,000,000		16,000,000	15,704,490	295,510
Training Expenses	1,028,000		1,028,000	463,600	564,400

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Office Catering Services	2,256,557		2,256,557	1,010,825	1,245,732
Board of Directors' Expense	5,664,000	(650,000)	5,014,000	4,050,788	963,212
Specialized Materials & Services	10,000		10,000	0	10,000
Office & General Supplies	400,000	350,000	750,000	763,031	-13,030.6
Motor Vehicle Expenses	1,150,000		1,150,000	772,169	377,831
Operating Expenses	230,000		230,000	189,125	40,875
Professional Services	500,000		500,000	569,285	-69,285
Repair & Maintenance-other assets	2,460,000		2,460,000	778,493	1,681,507
Lease of Motor vehicles	140,000		140,000	0	140,000
Anti-piracy Device Expenses	40,000		40,000	10,433	29,567
ICT Equipment & Software	2,859,948		2,859,948	1,116,934	1,743,014
CSR	100,000		100,000	49,500	39,500
Alterations to Buildings	150,000		150,000	0	150,000
General Equipment	36,967		36,967	13,860	23,107
Depreciation & Amortization				11,146,212	
Inventory Impaired Provision				615,900	
Total Expenses	132,456,665		132,456,665	130,650,429	
SURPLUS/(DEFICIT)	77,742		77,742	2,953,255	

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

Kenya copyright Board

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

	2019-2020
	Kshs.
Surplus/Deficit per Budget (Actual)	2,953,255
Revenue reserve at the start	(5,151,247)
Surplus/Deficit as per Statement of Financial Performance)	(2,197,992)

Kenya copyright Board

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of compliance and basis of preparation

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>(The standard may not apply to the Board)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>(The standard has potential to affect the Board)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (b) Summary of significant accounting policies

a. Revenue recognition

i) Revenue from Non-exchange transactions

Transfer from Government Grant

The Board received an amount of Ksh. 122,500,000 from the government through the parent ministry. Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

The Board also received Ksh. 1,883,160 Special grant to offset expenses of Conference held at the close of 2018/2019 Financial Year

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

b) Inventories

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

c) Property, plant and equipment

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

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition,

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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) Provisions

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

g) Taxation

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

h) Employee benefits

Retirement benefit plans

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

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

i) Cash and cash equivalents

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

j) Financial instruments

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

Trade receivables

Trade receivables are carried at anticipated realizable value.

Kenya copyright Board

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Trade payables

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

k) Leases

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

l) Depreciation

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

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

m) Comparative figures

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

n) Significant judgment and sources of estimation uncertainty

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

Estimates and assumptions

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

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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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

p) Nature and Purpose of Reserves

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

q) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly on 30th March 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of directors. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (c) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Office of the Attorney General & Department of Justice	122,500,000	N/A	N/A	122,500,000	121,580,000
Special Grant(State Law Office-WIPO Conference)	1,883,160	N/A	N/A	1,883,160	0
Total	124,383,160	N/A	N/A	124,383,160	121,580,000

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

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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Other Income		2019-2020	2018-2019
		Kshs	Kshs
CMO's Licence Renewal		1,970,029	1,644,465
Copyright Registration		1,447,730	1,771,531
Sale of Stickers		39,000	84,200
Partnerships		276,374	40,000
Out Court Settlement Fees		260,125	377,032
Others		76,019	0
Total income		<u>4,069,277</u>	<u>3,917,228</u>

Revenue item Collective Management Organizations (CMO) license is levy to allow the entities to operate (Collect royalties on behalf of Copyright holders). Copyright Registration is fees paid for registration of copyright works. Sale of stickers is levy obtained on sell of Anti-Piracy Security Device for protection of Copyright works. Out of Court Settlement is amount paid once the accused and KECOBO agrees on out of court process.

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5. Employee costs		2019-2020	2018-2019
		Kshs	Kshs
Basic Salaries		46,267,285	45,714,701
Pensions and Medical		16,214,133	14,877,911
Travel, accommodation and other allowances		7,178,611	10,751,497
Housing benefits and allowances		19,709,028	21,262,070
Gratuity		1,126,018	1,336,668
Total employee costs		<u>90,495,075</u>	<u>93,942,847</u>

6. Directors Remuneration		2019-2020	2018-2019
		Kshs	Kshs
Sitting allowance & Other costs		3,006,788	3,438,338
Chairman honorarium		960,000	160,000
Chairman telephone allowance		84,000	14,000
Total Directors Remuneration		<u>4,050,788</u>	<u>3,612,338</u>

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		2019-2020	2018-2019
		Kshs	Kshs
7. Depreciation & Amortization			
Property, plant and equipment		5,304,246	10,530,959
Intangible assets		5,841,966	5,566,590
Total Depreciation and Amortization		<u>11,146,212</u>	<u>16,097,549</u>

		2019-2020	2018-2019
		Kshs	Kshs
8. Repair & Maintenance			
Equipment		52,921	17,572
Vehicles		725,572	737,694
Computers		1,116,934	1,084,237
Total repairs and maintenance		<u>1,895,427</u>	<u>1,839,503</u>

		2019-2020	2018-2019
		Kshs	Kshs
9. Contracted Services			
Contracted professional services		192,285	2,845,564
Total contracted services		<u>192,285</u>	<u>2,845,564</u>

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10.Use of Goods & Services		2019-2020	2018-2019
		Kshs	Kshs
Advertising		776,550	1,584,555
Audit fees		377,000	377,000
Conferences and delegations		1,010,825	2,249,913
Consumables		763,031	641,761
Fuel and oil (m/v Expenses)		227,752	1,702,843
Insurance (m/v Expenses)		544,417	458,247
Postage		19,740	45,315
Printing and stationery		872,100	796,240
Rental		15,704,490	14,608,710
Telecommunication		1,232,319	1,232,730
Training		463,600	2,501,617
Corporate Social Responsibility		49,500	365,749
ICT equipment and software		13,860	2,428,924
Hire of motor vehicle		0	23,502
Stickers Cost		10,433	0
Bank Charges		189,125	176,661
Inventory Impaired Provision		615,900	
Total use of Goods & Services		<u>22,870,642</u>	<u>29,193,767</u>

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11.Cash & Cash Equivalent		2019-2020	2018-2019
		Kshs	Kshs
Bank		10,039,804	5,150,995
Cash		0	252
Total Cash and Cash Equivalent		<u>10,039,804</u>	<u>5,151,247</u>

11. (a) Cash at the Bank

Name of the Bank	Bank Account Number	Currency	2019-2020	2018-2019
Kenya Commercial Bank	1104002450	Kshs	Kshs	Kshs
Total			10,039,804	5,150,995

11. (b) Cash at Hand

			2019-2020	2018-2019
Liquid Cash			Kshs	Kshs
Total			0	252

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12. Receivables from Non-Exchange Transactions	2019-2020	2018-2019
	Kshs	Kshs
Rent Deposit	2,563,705	2,563,705
Prepayments (Appendix III)	5,529,323	4,245,002
CMO Receivables		<u>599,690</u>
Total Receivables	<u>8,093,028</u>	<u>7,408,397</u>

13. Inventories	2019-2020	2018-2019
	Kshs	Kshs
Hologram Stickers (Lower of cost & net-realizable value)	8,805,464	9,431,798
Total Inventories	<u>8,805,464</u>	<u>9,431,798</u>

The Holograms' net realizable value is Ksh. 9,421, 364.50 while the cost is Ksh. 8,805,465 and hence stated at the lower of the cost and net-realizable value. An impaired loss or write-down of value worth Ksh. 615, 899.50 has been provided for as per IPSAS 12

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	M/V	OFF/EQUIP	FURNITURE	PARTITIONS	COMPUTERS	WIP	TOTAL
AT 30TH JUNE 2018	20,080,100	4,639,880	8,550,368	218,000	10,901,510	-	44,389,858
Additions	-	-	-	-	1,279,064	-	1,279,064
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	(703,116)	-	(703,116)
As at 30th June 2019	20,080,100	4,639,880	8,550,368	218,000	11,477,458	-	44,965,806
Additions	-	-	7,540	-	943,273	-	950,813
Transfers	-	-	-	-	(2,921,190)	-	(2,921,190)
As at 30th June 2020	20,080,100	4,639,880	8,557,908	218,000	9,499,541	-	42,995,429
Depreciation and Impairment							
At 30th June 2018	14,405,650	3,679,493	6,079,460	36,334	5,290,988	-	29,491,925
Depreciation	5,020,025	579,985	1,068,796	36,334	3,825,819	-	10,530,959
Impairment	-	-	-	-	-	-	-
Transfer/ Adjustment	-	-	-	-	(703,116)	-	(703,116)
As at 30th June 2019	19,425,675	4,259,478	7,148,256	72,668	8,413,691	-	39,319,768
Depreciation	654,425	380,402	1,069,738	36,334	3,163,347	-	5,304,246
Transfer/ Adjustment					(2,921,190)		(2,921,190)
Net depreciation	654,425	380,402	1,069,738	36,334	242,157		2,383,056
As at 30 June 2020	20,080,100	4,639,880	8,217,994	109,002	8,655,848	-	41,702,824
N/Book Value at 30th June 2020	-	-	339,914	108,998	843,693		1,292,605
N/Book Value at 30th June 2019	654,425	380,402	1,402,113	145,332	3,063,767		5,646,039

1). Motor vehicles, Office Equipment are fully depreciated by 30th June 2020. The depreciation for the two classes for the year 2019/2020 being the net book value as June 2019. Computers also consist of a portion that is fully depreciated (K.sh. 2,921,190 which have been adjusted for.

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2). 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 assets over their useful lives as follows: Motor vehicles (25%), Office equipment (12.5%) Computer Equipment (33.3%) & Furniture (12.5%) & Partitions (16.6%)

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For the year ended June 30, 2020

15, Intangible Assets	INTANGIBLE	WIP	TOTAL
AMORTIZATION RATE	33.3%	0%	N/A
As at 30 June 2018	8,709,881	7,989,890	16,699,771
Additions	0	-	0
Transfer from WIP	7,989,890	(7,989,890)	0
As at 30 th June 2019	16,699,771	0	16,699,771
Additions	826,127		826,127
At 30 th June 2020	17,525,898		17,525,898
AMORTIZATION			
Amortization as at 30/06/2018	4,525,671		4,525,671
Amortization as at 30/06/2019	10,092,261	0	10,092,261
Amortization June 2020	5,841,966		5,841,966
Amortization as at 30/06/2020	15,934,227		15,934,227
Net Book Value June 2020	1,591,671	0	1,591,671
Net Book Value June 2019	6,607,510	0	6,607,510

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2020****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

16. Current payables	2019/2020	2018/2019
Provision for Audit fees(2018/19 & 2019/20)	754,000	377,000
Dignity Traders Limited(Service-Air conditioner)	10,500	0
Gratuity	0	3,073,035
Design Services(Buzz Planet)	74,100	0
MFI Document Sol. LTD (Photocopier Toner)	29,116	0
Maintenance of Computers(TA300i Contract)	42,421	0
Minor Alteration to building	0	218,000
Installation of tracking systems	0	15,000
General Supplies(Jopak, Stuart, Shanrok, Jantec, Petna)	122,430	
ICEA Lion-M/V Insurance	136,778	
Design of Director portrait		34,800
ERP License		835,097
Design of newsletters		17,000
Britam-Renewal of Group Personal Accident	258,669	0
Supply of TV Stand		24,360
Lafame Production		15,000
Unpresented Cheques 2015/2016(Reversed) (Note 21)	0	1,407,849
Smothtel @ Data Solutions LTD)		55,286
Bell Atlantic Communications LTD		4,000
Ministry of Information Communication (Advert)	282,160	282,160
CIC General Insurance LTD		81,734
Computech LTD (Antivirus)		75,940

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Cloud Productivity LTD (O365)-Renewal	0	0
Viva Crest	25,000	25,000
Gilfilian Air		6,380
Top Quality Motors		27,260
Isolution Associates LTD (Cyberome Modules)		153,816
The Boma Hotel		860,000
Millennium Management Consultants		143,260
Prepaid Income(MCSK, KAMP, PRISK)*	1,160,339	
TOTAL	2,895,513	7,731,977

*Prepaid for MCSK-910,339, KAMP-125,000, PRISK-125,000

17. Contingent liabilities (read it together with note 21)

The nature of the Board's operations, sometimes exhibits from people that have been found to infringe on Copyright are kept in our stores awaiting court determination. These exhibits do not belong to the Board and are not insured in case of any risk.

An amount of Ksh. 56,360 which was previously provided for as payables has been moved to contingent liability.

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18 RELATED PARTY BALANCES

Nature of related party relationships

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

	2019/2020	2018/2019
		Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	124,383,160	121,580,000
Grants from County Government		N/A
Donations in kind		N/A
Total	124,383,160	121,580,000
b) Key management compensation		
Directors' emoluments	4,050,788	3,612,338
Compensation to key management	26,963,916	25,191,175
Total	31,014,704	28,803,513

19. Financial Risk Management Objectives and Policies

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

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

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

a) Credit risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Classification of credit risk bearing assets

The table below represents the Board's maximum exposure to credit risk as at 30th June 2020

	Fully Performing	Past Due	Impaired	Total
Bank Balance	10,039,804	-	-	10,039,804

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

The table below provides receivables Aging Listing (Note12)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2020				
Receivables	5,529,323		2,563,705	8,093,028
As at 30 th June 2019				
Receivables	<u>4,844,692</u>		<u>2,563,705</u>	<u>7,408,397</u>

b) Liquidity risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2020				
Trade payables	<u>0</u>	2,895,513	0	<u>2,895,513</u>
As at 30 th June 2019				
Trade payables	<u>3,289,214</u>	4,442,763	-	<u>7,731,977</u>

20. Nature and Purpose of Reserves

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

21. Prior year adjustment(Re-statement)

An amount totaling to Kshs. 2,612,039 is reflected as a prior year adjustment-restating the opening balance of net assets of comparative period 30 June 2018(Retrospective corrections per IPSAS 3, paragraph 47). The amount consists of Ksh. 56,360 moved to contingent liabilities and Ksh. 1,147,830 (Ksh. 94,733 is write-off of over-provision in prior years & Ksh. 1,053,097 amount that didn't accrue to suppliers owing to non-performance) and write off of Ksh. 1,407,849 relating to reversed-un-presented cheques.

22. Progress on Follow Up of Auditor Recommendations

The Audit for 2018/2019 is yet to be concluded- Report awaited by date of completing this report.

Chairman of the Board

Sign: 

Date: 31/5/21

Executive Director

Sign: 

Date: 27/5/2021

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

	Original budget	Adjustments	Final budget	Actual	% Utilization	Explanation of the Variance
	2019-2020	2019-2020	2019-2020	2019-2020		
Revenue	Kshs.	Kshs.	Kshs.	Kshs.		
Revenue Reserve	5,151,247		5,151,247	5,151,247		
Government grants	122,500,000		122,500,000	122,500,000		
Rendering of services	3,000,000		3,000,000	4,069,277		
State Law Office (WIPO.CONF .Support	1,883,160		1,883,160	1,883,160		Received at start of 2019/2020
Total income	132,534,407		132,534,407	133,603,684		
Expenses						
Compensation of employees	89,408,033		89,408,033	83,316,464	93%	The expenditure was within the range of 100% + or -10%
Communication Supplies & Services	1,360,000		1,360,000	1,252,059	92%	The expenditure was within the range of 100% + or -10%
Domestic travel & subsistence	6,583,160	300,000	6,883,160	6,989,669	101%	The expenditure was within the range of 100% + or -10%
Foreign travel & subsistence	250,000		250,000	188,942	80%	Covid-19 Effects
Publicity & Information Supplies	1,830,000		1,830,000	1,648,650	90%	The expenditure was within the range of 100% + or -10%

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Rent paid	16,000,000		16,000,000	15,704,490	98%	The expenditure was within the range of 100% + or -10%
Training Expenses	1,028,000		1,028,000	463,600	45%	Occasioned by directive to cut on non-essential expenditure
Office Catering Services	2,256,557		2,256,557	1,010,825	48%	Occasioned by directive to cut on non-essential & Effects of Covid-19
Board of Directors' Expense	5,664,000	(650,000)	5,014,000	4,050,788	81%	The directors were not in place for the better part of the year
Specialized Materials & Services	10,000		10,000	0	0%	Cost saving measures
Office & General Supplies	400,000	350,000	750,000	763,031	102 %	The expenditure was within the range of 100% + or -10%
Motor Vehicle Expenses	1,150,000		1,150,000	772,169	67%	Effects of Covid-19 on travels
Operating Expenses	230,000		230,000	189,125	82%	Cost saving measures
Professional Services	500,000		500,000	569,285	113 %	The expenditure was within the range of 100% + or -10%
Repair & Maintenance	2,460,000		2,460,000	778,493	32%	Limited Vehicle movement occasioned the savings
Lease of Motor vehicles	140,000		140,000	0	0%	Limited Activity/ cost cutting measures
Anti-piracy Device Expenses	40,000		40,000	10,433	26%	Utilization level
ICT Equipment & Software	2,859,948		2,859,948	1,116,934	39%	Under expenditure occasioned by contract period of closer to year end(March 28 th /2020 to

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						February 27 th 2021)- major portion ending being a prepayment
CSR	100,000		100,000	49,500	50%	Directive to reduce Non- essential expenditure
Alterations to Buildings	150,000		150,000	0	0%	Anticipated Alterations weren't done owing to delayed requests
General Equipment	36,967		36,967	13,860	37%	
Dep/Amort				11,146,212		Non cash item
Inventory impaired provision				615,900		Non cash item
Total Expenses	132,456,665	132,456,665		130,650,429	99%	Overall utilization level (90% after netting off Depreciation/provisions)
SURPLUS/D EFICIT	77,742	77,742		2,953,255		

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APPENDIX 11: INTER-ENTITY TRANSFERS CONFIRMATION LETTER

STATE LAW OFFICE

ATTENTION: CHIEF FINANCE OFFICER

The Kenya Copyright Board (KECOBO) wishes to confirm the amounts disbursed to it as at 30th June 2020 from State Law Office, as indicated in the table below. Please compare the amounts disbursed with the amounts received by us and forward the completed form to National Treasury and Copy us (**This is based on the revised Annual Financial Reporting Templates for National and County Government Entities**)

Confirmation of amounts received by Kenya Copyright Board as at 30 th June 2020							
Reference number	Date Disbursed	Amounts Disbursed (State Law Office) Kshs) as at 30 th June 2020				Amount Received by (KECOBO) (KShs) as at 30 th June 2020 (E)	Differences (KShs) (F)= (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A +B+ C)		
Special Grant	State Law Office	1,883,160	N/A	N/A	1,883,160	1,883,160	N/A
	Quarter1	30,625,000	N/A	N/A	30,625,000	30,625,000	N/A
	Quarter 2	30,625,000	N/A	N/A	30,625,000	30,625,000	N/A
	Quarter 3	30,625,000	N/A	N/A	30,625,000	30,625,000	N/A
	Quarter 4	30,625,000	N/A	N/A	30,625,000	30,625,000	N/A
TOTAL		124,383,160			124,383,160	124,383,160	N/A

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

Head of Accounts Department

Name... FREDERICK MUTUKU.....

Date... 27/05/2021.....

Signature... [Signature].....

Your Sincerely;

Mr. Edward Sigei
Executive Director

Kenya Copyright Board

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

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2020

APPENDIX III PREPAYMENT 2019/2020

<i>PARTICULARS</i>	<i>DEBITS</i>	<i>CREDITS</i>	<i>BALANCE</i>
	<i>Ksh.</i>	<i>Ksh.</i>	<i>Ksh.</i>
OPENING 1/07/19			4,245,002
Prepaid at Start:			
<i>Medical Insurance (Expensed)</i>		<i>5,483,423</i>	
<i>M/V Insurance Expensed</i>		<i>195,342</i>	
<i>Fuel & Oil Expensed</i>		<i>163,473</i>	
<i>Group life Cover Expensed</i>		<i>214,431</i>	<i>(6,056,669)</i>
PREPAID AS AT 30/06/2020			
<i>Medical Cover-CIC Insurance</i>	<i>6,135,622</i>		
<i>Motor Vehicle Insurance (Britam Ksh. 59,816 & ICEA Lion Ksh. 129,555)</i>	<i>189,371</i>		
<i>Fuel & Oil (National Oil Corporation)</i>	<i>318,721</i>		
<i>Prepaid-Computer maintenance- Dynasoft Business Solutions</i>	<i>697,276</i>		
Prepaid at end:			7,340,990
Closing balance June 2020			5,529,323

