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OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA COPYRIGHT BOARD**

**FOR THE YEAR ENDED
30 JUNE 2017**



KENYA COPYRIGHT BOARD

KENYA COPYRIGHT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

Kenya Copyright Board
 Reports and Financial Statements
 For the year ended June 30, 2017



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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;
- Information Communication Technology Officer;
- 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 2017 and who had direct fiduciary responsibility were:

No.		Name
1.	Executive Director	Edward Sigei
2.	Acting 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	Beatrice Mbaisi
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:-

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 were five members of this committee during the 2016/2017 Financial Year. The Committee was chaired by Mr. David Muriithi. He is a qualified auditor with experience with reputable international audit firms and artist management.

The other members of the committee were Ms. Monicah Sairo, Ms. Trushna Patel, Dr Isaac Rutenberg, Joseph Kipkoech and Prof. Rodah Birech.

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

There were five members of this committee during the 2016/2017 Financial Year. The Committee was chaired by Mr. Kennedy Kachwanya. He is a qualified accountant and a financial analyst. He is also an experienced promotions manager for web sites, focusing on buying and selling online, Web development, Digital marketing and Social media.

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

The committee oversees the budgeting, reviews progressive reports on the expenditure 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.



The Business Development and Communication Committee

There were six members of this committee during the 2016/2017 Financial Year. The Committee was chaired by. Mr. David Waweru, other members of the committee were, Mr. Desmond Katana, Ms. Monica Sairo, Mr. David Kimotho, Ms. Belinda Kiilu, Mr. Joseph Kipkoech

The Human Resource Committee

There were seven members of the committee during the 2016/2017 Financial Year. The committee was chaired by. Ms. Catherine Ngengi, other members of the committee were Mr. Desmond Katana, Mr. GwaroOgaro, Mr. David Kimotho, Ms. Belinda Kiilu, Mr. David Waweru and Mr. Stanley Cheruiyot

Frequency of meetings

Both Committees meet at least four times in a year. However, the number of meetings may exceed 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 directors of Kenya Copyright Board has therefore met its legal and regulatory requirements as far as fiduciary oversight arrangements are concerned.



Board Headquarters

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

(a) Board Contacts

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

(b) Board Bankers

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

(c) Independent Auditors

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

(d) Principal Legal Adviser

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



II. THE BOARD OF DIRECTORS



Mrs. Millicent Jennifer Ogutu
CHAIRMAN

PROFESSION: LEGAL
KEY PROFESSIONAL AND ACADEMIC
QUALIFICATIONS

Diploma in Law-Kenya School of Law,
 Bachelor of Legal Laws-Moi University

KEY QUALIFICATION

- Member of the Law Society of Kenya
- Advocate of the High Court of Kenya.
- Diploma in Law (Kenya School Of Law)
- Founding Secretary, Kenya Actors Guild
- Governing Council Member, Kenya Cultural Centre

WORK EXPERIENCE

May 2015 – To date-Kishagha&Ogutu
 Advocates **MANAGING PARTNER**

August 2014 - May 2015 KN Associates LLP
ASSOCIATE

December 2012 to July 2014-S.
 MusaliaMwenesi Advocates Nairobi
ASSOCIATE

May 2010 to July 2012 Phoenix Players Ltd
 Nairobi, Kenya **Managing Director**



July 2008 to April 2010 Phoenix Players Ltd
 Nairobi, Kenya **Administrator**

January 2007 to July 2008 Royal Media
 Services Nairobi, Kenya **Account Manager -**
Sales



October 2005 to Nov 2006
 Rachier&AmolloAdv Nairobi, Kenya **Legal**
Assistant



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 <p>David Waweru, Director representing publishers, authors and writers' associations.</p> <p>PROFESSION:</p> <p>Publisher & CEO, Word Alive Publishers Limited Managing Director, Word Alive Publishers Uganda Limited (2009 – 2011) Founder, Word Alive Publishers UK Limited</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>MBA (Business), Distinction Curtin Graduate School of Business, Curtin University, Perth, Australia</p>	<p>DATE OF BIRTH: 10 February 1965</p> <p>PROFESSIONAL QUALIFICATIONS: 2014 Corporate Governance – Institute of Directors (Kenya) 2014 SME Gold Academy on Business Excellence- Enablis East Africa</p> <p>WORK EXPERIENCE</p> <p>2001 – Current: Publisher & CEO, Word Alive Publishers Limited Managing Director, Word Alive Publishers Uganda Limited (2009 – 2011): Founder, Word Alive Publishers UK Limited</p> <p>1999 – 2005: Founder & Managing Director, Impact Media Limited</p> <p>1995 – 1999: Publishing Manager, International Bible Society – Africa</p> <p>1991 – 1995: Science Editor, University of Nairobi Press</p>
 <p>Mr. Gwaro Ogaro, Director representing PS, Ministry of information and communications.</p> <p>PROFESSION: Acting Director of Information</p>	<p>KEY QUALIFICATIONS: POSTGRADUATE: University of Nairobi (2008): Master of Arts in Communication Studies.</p> <p>UNDERGRADUATE: University of Nairobi (1988): B.A. Honours Degree in Sociology and Linguistics</p> <p>DIPLOMA Diploma in Journalist from the Indian Institute of Mass Communication, 1997</p>



<p>PROFESSIONAL AND ACADEMIC QUALIFICATIONS: Master of Arts in Communication Studies.</p>	<p>WORK EXPERIENCE:</p> <ul style="list-style-type: none"> • Information officer for Kenya News Agency and Rural Press in various districts in the country • Editor of Regional Publications and National Editorial Desk in the Ministry of Information and Communications • Head of Communications in the Ministry of East African Community and National Police Service (NPS)
<div style="text-align: center;">  </div> <p><u>MONICAH NKINA SAIRO</u> Director representing PS, Ministry of National Heritage and Culture.</p> <p>Public Communication Officer and Assistant Coordinator Cabinet Secretary's Office</p> <p>KEY PROFESSION: Communications/Journalism</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>UNIVERSITY: Masters of Art in Development studies.</p>	<p>PROFESSIONAL QUALIFICATIONS</p> <p>WORK EXPERIENCE</p> <p>May 2013 to date: - Ministry of Sports Culture and the Art</p> <p>Jan, 2011 to 2013: National Museums of Kenya, Po Box 40658-0100</p> <p>Assistant Admin and Personal Assistant to Director of Museums Sites And Monuments</p> <p>Senior Customer Care Assistant</p> <p>Teacher</p>
<div style="text-align: center;">  </div>	<p>WORK EXPERIENCE</p> <p>Radio Presenter</p> <p>Managing Trustee 2003 – Present Music Sans Frontieres (www.muzikiafrica.org)</p>

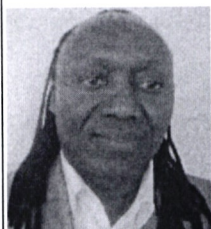


KENYA COPYRIGHT BOARD

<p>Mr. David Muriithi, Director-Copyright Expert</p> <p>Managing Trustee/Managing Director Creative Enterprise Centre</p> <p>KEY PROFESSION: Auditor</p> <p>ACADEMIC QUALIFICATIONS: Bachelor of Arts in Economics (Honors Degree – Accounting & Finance Option), University of Manchester, England</p>	<p>2003 – Present Amalgamated Properties Ltd. (Real Estate Development) Managing Director Finance Director Amalgamated Properties Ltd. (Real Estate Development)</p> <p>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)</p>
 <p>Rhoda JeropBirech (Ph.D) Director representing public Universities</p> <p>Senior Lecturer Egerton University KEY PROFESSION: Lecturer</p> <p>ACADEMIC AND PROFESSIONAL QUALIFICATIONS: Ph.D.), (BOKU) Vienna, Austria. MPhil (Moi University), Bsc. (Egerton), Diploma (Egerton).1997-2000:</p>	<p>KEY QUALIFICATIONS:</p> <p>Ph.D. (<i>Doctor rerumnaturaliumtechnicarum</i>), University of Natural Resources and Applied Life Sciences (BOKU) Vienna, Austria</p> <p>WORK EXPERIENCE:</p> <p><i>Post-doctorate student at the</i> (BOKU) Vienna, Austria.</p> <p>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</p>



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Mr. Desmond Katana Harrison

Director representing Musicians union

**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**

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 spokesperson, 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

 <p>Ms. Belinda MumbuaKiilu</p> <p>Director representing the attorney general. Senior State Counsel.</p> <p>KEY PROFESSION: Lawyer /Advocate</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>Postgraduate Diploma in Law-Kenya School of Law, B.sc Kenyatta University (Hons) LL.B (UON)</p>	<p>KEY QUALIFICATION: Postgraduate Diploma in Law-Kenya School of Law, Advocate of the High Court of Kenya</p> <p>WORK EXPERIENCE:</p> <p>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 1 & Personal Legal Assistant to the Hon. Attorney General January 2012- May 2014 State counsel II State Law Office Treaties And Agreement department</p>
 <p>Mr. Joseph Kipruto Kipkoech</p> <p>Director representing PS, National Treasury.</p>	<p>KEY QUALIFICATIONS: Strategic Leadership and Development</p> <p>WORK EXPERIENCE: Assistant Director, Public Communications, Deputy Director, Public Communication The National Treasury 2013 to date</p>



<p>Assistant Director, Public Communications</p> <p>The National Treasury</p> <p>KEY PROFESSION: Public Relations/Communication</p> <p>PROFESSIONAL AND ACADEMIC QUALIFICATIONS:</p> <p>MA Degree in International Studies, UON, University of Nairobi</p> <p>Postgraduate Diploma in Mass Communication,</p> <p>Postgraduate Diploma in International Relations,</p> <p>Postgraduate Certificate in Mass Communication</p> <p>BA (Hon)</p>	<p>Former Head, Kenya News Agency,</p>
 <p>Mrs. Trushna Buddhev Patel Director representing producers and distributors of audio visual works.</p> <p>KEY PROFESSION: Crimson Multimedia Ltd – Managing Director</p> <p>ACADEMIC QUALIFICATIONS Association of Business Executives (A.B.E.)</p>	<p>KEY QUALIFICATIONS:</p> <p>March 1999 : Marketing Society of Kenya, Nairobi, Kenya Media Training Seminar</p> <p>December 1996 : The University of Manchester, U.K. Bachelor of Business Administration (B.B.A.)</p> <p>1994 – 1996 : Oshwal College, Nairobi, Kenya Association of Business Executives (A.B.E.)</p> <p>Advanced Diploma: 1990 – 1993 : Visa Oshwal Girls' Secondary School, Nairobi, Kenya</p>



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1983 – 1989 : Kongoni Primary
School, Nairobi, Kenya

WORK EXPERIENCE

May 2011 – to date Crimson Multimedia
Ltd – Managing Director
Suite 25, East Wing, 4th Floor, TheGreen
House, Ngong Road

May 2005 – April 2011 Pan African
Film Distributors (East & West Africa) Ltd
NuMetro Film Distribution (Africa) Ltd/Nu
Metro (Kenya) Ltd

February 1998 – April Fox Group of
Companies

March 1997 – Southern Credit Banking
Corporation Limited (S.C.B.C.L.)

November 1995 – First National Finance
Bank Ltd (Guardian Bank Ltd)



KENYA COPYRIGHT BOARD



Mr. Stanley Cheruiyot

DIRECTOR

Altenate to Inspector General of Police

Profession: Enforcement Officer

Academic and Professional Qualifications:

March 2007 - March, 2009: Msc. Security & Risk Management (University of Leicester UK)

2003 Diploma in Law (Kenya School of Law)

KEY QUALIFICATIONS:

National Police Service Headquarters

Director Legal Affairs – NPS (September, 2015 to-date)

Legal Advisor and Crime Affairs Reader.

Analyzing Criminal Cases

Sensitizing Criminal Cases on Emerging

Topical Issues including newly enacted laws

Liaison Officer between the AG and the Police

Carry out Major Criminal Investigations

Kiganjo Police Training College, Nyeri
Instructor (2004-2008)

Officer in-charge Prosecution

Prosecution of criminal cases and staff Management. (2003-2004)



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Mr. David N. Kimotho

DIRECTOR

Media Owners Association Representative

Academic and Professional Qualifications:

Certificate, Marketing (1993)

Marketing Society of Kenya,
Nairobi, Kenya

Diploma, Marketing (1988)

London Chamber of Commerce
and Industry, Nairobi, Kenya

**Bachelor of Arts, Administration
(1986)**

University of Nairobi, Nairobi, Kenya

KEY QUALIFICATIONS:

**Director/Marketing
Consultant**

GENERAL

MANAGER Apr 2011 – Oct
2011 Wavumunno
Broadcasting Service (WBS
TV), Kampala, Uganda

**GROUP HEAD OF
SALES, DIRECT**

**GOVERNMENT &
ASSOCIATED BUSINESS**

Mar 2010 – Dec 2010
Mediamax Network Limited
(K24TV, Kameme FM,
People Daily), Nairobi,
Kenya
[Legacy Regional Reach

**OPERATIONS
MANAGER**

Apr 1996 – Feb 2000
Regional Reach Limited,
Nairobi, Kenya



Mr. Kennedy Kachwanya

Director representing publishers, authors and writers' associations.

PROFESSION: Accountant

ACADEMIC QUALIFICATIONS:

Bachelor of Commerce Degree (Finance Option) at University of Nairobi, 2006.

Diploma in Computer Science and Technology from Starehe Technical Training Institute from January 2001 to December 2002

**PROFESSIONAL
QUALIFICATIONS:**

- Qualified Accountant
- Financial Analyst

WORK EXPERIENCE.

Current Chairman and Founder of Bloggers Association of Kenya (BAKE) and CEO of BAKE Kenya Limited

Market research and Lead Blogger for Kachwnay.com from December 2009 to date

1. Web Manager & Social Media Strategist Finweb Solutions Limited from September 2008 to 2013
2. Operation manager for Maduqa.com



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Isaac Michael Rutenberg, PHD, JD
 Director representing software associations

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

Admitted to practice with the California State Bar

Admitted to practice before the Kenya Industrial
 Property Institute

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



Mrs. Catherine Wangui Ngengi
Director-Copyright Expert

FOUNDER/ DIRECTOR
 Kazamoyo Films

KEY PROFESSION:

- Film Producer

ACADEMIC QUALIFICATIONS:

- Bachelor of Science in Accounting and Finance, Indiana University, USA.

CERTIFICATE KIMC/FORD FOUNDATION:

- Film Production

CERTIFICATE:

- Certified Internal Auditor

CERTIFICATE:

- Corporate Governance

CERTIFICATE OF PARTICIPATION:

- Mwongozo
- ARIPO/KECOBO/GOK
- WIPO/KECOBO/GOK

WORK EXPERIENCE:

KAZAMOYO FILMS:

- Producer/Director of Films, Documentaries/Advertisements/Tv & Radio Programs & Music Composition

UNDP:

- Accountant UNDP Accounts Department
- Producer/Director of UNDP Documentary/Tv & Radio Series entitled "Investing in People" Aired on KCB Tv & Radio

GITHONGO & COMPANY (AUDIT FIRM):

- Auditor

KENYA RAILWAYS:

- Producer/Director of Short Documentary of her Majesty Queen Elizabeth II Train Journey from Nairobi to Thika.

BAT:

- AMP-SONIC Limited Producer for BAT Company Documentary

MNET:

- Producer for Film Project in Goree Island, Senegal, entitled "THE SHOE/KIATU"

FEPACI (Federation of African Filmmakers):


- Consultant

PARADIGM AFRICA Business. Communication. Productions:

- Chairlady







KENYA COPYRIGHT BOARD

	<p>ROTARY CLUB OF NAIROBI SOUTH:</p> <ul style="list-style-type: none"> • Past President & Fundraising Chairlady <p>FESPACO/AU:</p> <ul style="list-style-type: none"> • was selected AU Jury Member at The Film Festival
 <p>Sylvia N. Gichia Director-Copyright Expert</p> <p>FOUNDER/ DIRECTOR Kenya Art Fair</p> <p>KEY PROFESSION:</p> <ul style="list-style-type: none"> • Arts Management Consultant/ Photography <p>ACADEMIC QUALIFICATIONS: Washington DC Degree in Professional photography, MBA Marketing, Bachelor of International Business, Marketing</p> <p>MEMBERSHIP</p> <ul style="list-style-type: none"> • Kenya Photography Awards Jury • East African Wildlife Society Photography Award Jury 	<p>WORK EXPERIENCE:</p> <p>Chief Executive Officer</p> <ul style="list-style-type: none"> • CEO The Shopping Centres Association of Kenya - Currently <p>Managing Director</p> <ul style="list-style-type: none"> • Kuona Trust, Centre for Visual Arts, Nairobi, Kenya Feb. 2012- till recently <p>Chief Information Officer – Bureau Chief</p> <ul style="list-style-type: none"> • Visual Eyes Productions, Nairobi, Kenya <p>Professional photographer - Jan. 07 –Present</p> <ul style="list-style-type: none"> • Sylvia Photos Inc.- Washington DC, USA • Managing Director- Freelance Photographer- Jan 05 – Dec 07 <p>Travel Coordinator - Washington DC, USA</p> <ul style="list-style-type: none"> • American Red Cross Society DC - June 04- Dec 07 <p>American Express Atlanta, GA. USA</p> <ul style="list-style-type: none"> • Marketing and Customer care- Gold Card





III.MANAGEMENT TEAM

 <p>1.Edward Sigei LLM, LLB, LSK Key Profession: ADVOCATE</p>	<p>Executive Director</p> <p>Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors</p>
 <p>2. George Nyakweba LLM, LLB, LSK</p>	<p>Acting Chief Legal Counsel Legal Professional</p>
 <p>3.Elijah Mwangi BBM, CPA(K), ICPAK</p>	<p>Head of Internal Audit Internal Audit and ISO Quality Management</p>
 <p>4.Sharon M. Chahale MIP, LLB, LSK</p>	<p>Deputy Chief Legal Counsel Legal Professional</p>




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 <p>5. Frederick Mutuku MBA, Bcom, CPA (K), ICPAK</p>	<p>Head of Finance</p> <p>Finance and Accounts Management</p>
 <p>6. Cyrus Kinyungu Master of Arts (Communications), B.ED.</p>	<p>Head of Public Communications</p> <p>Public awareness and publicity</p>
 <p>7. Ketty Arucy B.A, HND, HRM, AKIM</p>	<p>Head of HRM & Administration:</p> <p>Human Resource matters, policies, surveys training and other administrative Matters</p>
 <p>8. Beatrice Mbaisi B. Com in Procurement and Supply Chain Management, KISM</p>	<p>Head of Supply Chain Management:</p> <p>Management of office supplies and stock taking</p>



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 <p>9. George Njoroge Bachelor of Science (Computer Science & Engineering)</p>	<p>Head of ICT</p> <p>ICT issues including websites and intranet</p>
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III. CHAIRMAN'S STATEMENT

When I took up the role of Chairman in June 2016, the rest of the Board had been in place for just over six months. I immediately noted how professional and passionate the Board of Director is. The contribution of Board members in Board meetings remains impressive, a testament of how serious the Board takes its oversight role.

At the same time, the current Executive Director had also been serving in an acting capacity for 9 months. The Board after competitively interviewing for the position confirmed Mr. Edward Sigei. The management under his leadership has achieved a great deal under his guidance as he executes the Boards mandate.

The Kenya Copyright Board made modest progress during the year under Review. The Treasury raised the KECOBO Budget by about 20 million and enabled the Board undertake long pending programs during the year. The increment however still falls far short of the optimum budget for the Agency. The Board has identified low funding levels and the limited public recognition of KECOBO as limiting factors towards achievement of KECOBO mandate. It therefore established an ad hoc committee of the Board called the Business Development and Communication Committee to assist in developing policies for raising Funds and effectively communicating to the public the mandate of KECOBO.

The Board continues to undertake its oversight role. The Board received clear Audit Report despite facing high staff turnover at the department at the same time the Executive Director was leaving. In a bid to stem the problem and improve the working environment, the Board during the period approved new Human Resource Manuals comprising Human Resource Policy and Procedures Manual to guide the staff recruitment, development, discipline and management in the medium term. The policies streamlined job descriptions and reporting lines. This will allow for career growth and skill optimization for the staff.

With the progress made in the year, I believe KECOBO is poised to play a greater role in the monetization of Copyright for economic development.



IV. 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 the regard the board continues to build its capacity to discharge the mandate set out under section 5 of the Copyright Act and improve the Legislative environment for Copyright based industry to thrive.

Achievements

Due to increased funding, the management managed to procure ICT equipment and furniture for the Office thus alleviating the festering work environment factors to a large extent.

The Legal and enforcement team continued their excellent work throughout the country. The team apart from investigating and prosecution, managed to reach over 20 police Stations where over 1, 000 Policemen were trained and received relevant aids to assist them in their work.

The legal and public communication departments also reached out to universities and public through Lectures and the ASK Shows. Over 10,000 publications explaining KECOBO and Copyright were distributed in the year.

Later in the year, Finance and Administration Team participated in the development of the MTEP and this is expected to set the stage for future programs for KECOBO. The Board staff also participated in the GJLOS sector Budget hearings.

The Board started the development of Enterprise Resource Planning (ERP) system with six major modules during the year. This project is now at testing stage with the launch of the second phase set to start in October. The first phase includes the online Copyright Registration module.

This year the Board trained over 1, artists under a program sponsored by WIPO through Korea Fund in Trust. A further 3, 000 were reached through the two Skiza Forums sponsored by Safaricom Ltd. The Korea Fund in Trust Program enabled the Board to print over 3000 titles of its three main publications. This program exposed the Board to rights holders in Eldoret, Kisumu, Mombasa, Bomet, Meru, and Machakos.

WIPO sponsored a training program for the audiovisual sector where over 100 professionals from Kenya benefitted. The same program enabled KECOBO to publish 5000 copies of 'A guide to the Audiovisual Sector in Kenya'. The training brought experts from the US, Europe and Africa who contributed to the Guide as well.

I wish to thank Microsoft and Multi-choice Kenya for supporting the training for software developers and Prosecutors respectively. Our appreciation also goes to Kenya Film Classification Board (KFCB) Commission, The Embassy of the United States of America and Kenya Film Commission for the collaboration during the year. The Business Advocacy Fund (BAF) funded program through Performers Rights Society received views for the CMO regulations which I hope shall be completed this year.



During the year, the Board submitted to Cabinet the Copyright Amendment Bill that should guide the Copyright sector for the foreseeable future taking into account the need to raise oversight over Collecting Societies and reduce online piracy of Copyright works. The Board also initiated the Ratification of the WIPO Internet Treaties, the Beijing Treaty and the Marrakesh Treaties. While Marrakesh Treaty Ratification is complete and the Beijing Treaty has been approved by the Cabinet, the process of Ratification of WIPO Internet Treaties saw limited Progress.

Challenges

The Board decision not to renew the license of MCSK brought a number of legal suits challenging the decision. This will have an adverse impact on the collection and distribution of royalties for the foreseeable future.

The staff numbers at KECOBO, coupled with high attrition rate remains a concern for the Board. The recently developed and approved policy documents will improve the outlook very much. Over the same period, a number of vacant positions at senior staff levels were filled and the team is taking shape as the new staff settle in. A few long pending promotions were also implemented.

Conclusion

With the improved funding and the support of the Board, I have no doubt that KECOBO management and staff will deliver on its mandate and contribute in moving Kenya into a middle-income economy with greater reliance on knowledge goods.



VI. 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 deserved for it. The directors are given appropriate and timely information to enable them maintains 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 quarterly 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.

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

1. Ms. Catherine Ngengi
2. Mr. Desmond Katana Harrison, HSC
3. Mr. Gwaro Ogaro
4. Mr. Stanley Cheruiyot
5. Ms. Belinda Kiilu
6. Mr. David Kimotho

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. David Muriithi
2. Ms. Monicah Sairo
3. Dr. Isaac Rutenberg
4. Prof. Rhoda Birech
5. Ms. Trushna Patel
6. Mr. Joseph Kipkoech

c) Board Finance Committee

The membership of the Board Finance Committee comprises of five non-executive directors. The 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 this committee are:

1. Mr. Kennedy Kachwanya
2. Ms. Catherine Ngengi
3. Mr. Stanley Cheruiyot
4. Ms. Belinda Kiilu
5. Mr. David Waweru

d) Board Legal and Technical Affairs Committee

The membership of the Board Legal and Technical Affairs Committee comprises of five 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 this Committee are: -

1. Dr. Isaac Michael Rutenberg
2. Ms. Belinda Kiilu
3. Prof. Rhoda Birech
4. Mr. Kennedy Kachwanya
5. Mr. Gwaro Ogaro

e) Business Development and Communication Committee

The membership of the Business Development and Communication Committee comprises of five non-executive directors. Business Development and Communication Committee meets at least once every quarter and is mandated to advise the Board on Business and communication matters.

Members to this Committee are: -

1. Mr. David Waweru
2. Mr. Desmond Katana
3. Ms. Monica Sairo
4. Mr. David Kimotho
5. Ms. Belinda Kiilu
6. Mr. Joseph Kipkoech



VII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

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

The Board has carried out its core activities with zeal and passion for the year 2016/2017. The legal and enforcement departments have continued to carry out the mandate of the Board effectively and efficiently despite the limited resources. Piracy and Infringement of copyright and related rights poses a major challenge in Kenya and in order to reduce the level of infringement and piracy, adequate financial, human and physical resources are needed to drastically reduce the menace. However, the funds that the Board gets is not sufficient to effectively deliver its mandate to the citizen. The Board is required to undertake copyright infringement raids throughout the country but due to insufficient funds raids are confined in Nairobi and the neighbouring Counties. Despite this major handicap the Board has continued to provide services to the public. Raids continue to be made day in day out to discourage copyright infringement, for example in the third quarter we had a major seizure of pirated textbooks. We also in diverse days have captured and arrested pirated musical works and culprits prosecuted.

KECOBO has a mandate to license and oversee the work of Collective Management Organisations (CMOs). Through the Attorney General, the Board Gazetted new tariffs for the Collecting Management Organizations (CMOs) in the Music Industry. Unlike in the past, where the public users were paying separately to the CMOs, under the new tariffs, the CMOs will collect the royalties jointly meaning that music users will pay a single fee for the three CMOs. However, the Board of Directors rejected to renew the license of Music Copyright Society of Kenya (MCSK) to operate as a collecting society after it failed to fulfil the conditions attached to its last license.

To get a license any CMO must adhere to a number of requirements, among them is to furnish the Board with Audited Financial Accounts. MSCK was not able to meet this requirement among others and therefore during the year under review its license was not renewed. This decision was welcome by many musicians. During this year under review, the Board engaged a consultant to supply, install, test, and train and commission an Enterprise Resource planning (ERP) System. Once the ERP is commissioned, it shall go a long way in enabling the Board to deliver its services to the citizens much easier.



The Board is committed in contributing towards the achievement of Kenya's Vision 2030 by ensuring that the mechanisms are put in place to ensure that creative industries are protected and the creators of copyright works get maximum benefit from their exploitation through effective administration and enforcement of Copyright and Related rights.

SECTION B

Entity's compliance with statutory requirements

The Board continues to comply with all statutory requirements. The Board does not have any major non-compliance to report. However, we may have potential court cases emanating from our operations and decisions e.g. the MCSK issue (Not issuing a license),

SECTION C

Key projects and investment decisions the entity is planning/implementing

In the third quarter of 2016/2017, the Board begun the process of acquiring an Enterprise Resource Planning System. This process is still on going and expected launching of same is by the end of quarter one of the Financial Year (2017/2018). The implementation of ERP will see the Board improve its service delivery. The envisaged ERP will be able to afford our clients copyright registration online and submission of complains online too. It will also go a long way in automating the Board processes and procedures and therefore enhancing accountability and transparency.

The Board is wholly funded by the Central Government and it receives a one-line Budget. It is from the Government Grant that the ERP is financed from.

SECTION D

Major risks facing the entity

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



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

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

(a) Credit Risk Management

Credit risk refers to the risk that 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 31st March 2017

At 31 March 2017

PARTICULARS	FULLY PERFORMING	PAST DUE	IMPAIRED	TOTAL
Bank balances	21,690,727			21,690,727
	21,690,727			21,690,727

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 2017(trade payables)	4,929,779			4,929,779
At 30 June 2016(Trade Payables)	6,032,060			6,032,060

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

Under this section the Board does not have issues to report.



VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Over 200 students from Friends Kaimosi School for the mentally handicapped have benefited from a donation by Kenya Copyright Board aimed at nurturing their talents in music, art and fashion & design. As part of Kenya Copyright Board's (KECOBO) Corporate Social Responsibility, the Board donated music instruments, knitting and sewing machines, drawing materials and assorted foodstuff to the school that caters for the mentally handicapped children. The CSR team worked closely with KECOBO's gender and disability committee to make the event a success. The items donated included guitars, tambourines, percussion instruments, tailoring and fashion 7 design tools that included sewing and knitting machines, drawing and art materials that included colours, brushes, art books, drawing papers, crayons, pens and assorted food stuff.

The excited children and school staff danced as they sang praise and worship songs beating drums and playing guitars, which were part of the items donated by KECOBO. They also mingled with KECOBO staff as they enjoyed drinks, sweets and snacks donated by the Board.

"The items donated to the school were purposely picked to help nurture creative talents among the children in the areas of Music, Art and Fashion design," KECOBO's Executive Director explained. The Board, in its mandate of administration and enforcement of copyright and related rights, deals with creatives in the various sectors including Music, Art, Fashion design, Book trade and Architecture among other areas. The School's Principal Mr. Arthur Injenga said: "the items donated will go a long way in training of students in the different areas targeted. We thank KECOBO for remembering these special children." Mr Injenga, who is also the national chairman of the Special Schools Heads Association of Kenya (SSHAK), noted that KECOBO'S gesture was an exceptional move adding rarely are such students remembered by the society. He called on more organizations and corporations to remember the special needs students who are at times neglected even by own parents.

Over the 2016/2017 financial year, the Board also worked with other organizations and institutions giving sponsorship to Riverwood, Machawood, Jomo Kenyatta University of Agriculture and Technology to help them advance themselves in areas related to KECOBO mandate.

The Board has in place a policy on energy saving. An initiative that requires staff to switch lights off when not in use and to use natural light as much as is possible. "Please switch off lights if not in use" reads a notice on each door at the Board's offices.

The Board also endeavors to ensure infringed materials are destroyed in an Eco-friendly manner. The Board has partnered with Weee Centre to achieve this. In the year 2016/2017 electronic materials amounting to 3,800 Kilograms were destroyed at the Weee Centre, being materials confiscated from copyright infringers by our enforcement team. The by. Product of the waste from destroyed materials is used to produce Eco-friendly poles and other materials.



IX. 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.


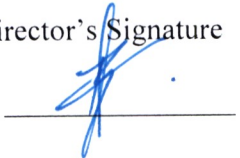
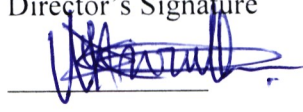
The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial 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, 2017, 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 21st September 2017 and signed on its behalf by:

Director's Name	Director's Name	Director's Name
<u>Isaac Rutenberg</u>	<u>TRUSHNA BUDDHDEV PATEL</u>	<u>DAVID MURITHI</u>
Director's Signature	Director's Signature	Director's Signature
		

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

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 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Copyright Board as at 30 June 2017, 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 Kenya Copyright Board Act, 2011.

In addition, and as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

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

Key Audit Matters

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

Report of the Auditor-General on the Financial Statements of Kenya Copyright Board for the year ended 30 June 2017

Responsibilities of Management and those charged with Governance to 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue sustaining its services, and using the going concern accounting assumption unless the management either intends to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process. 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.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

As part of an audit 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern assumption and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. 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 Agency's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Board in order to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

16 March 2018



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016-2017 Kshs.	2015-2016 Kshs.
Revenue from non-exchange transactions			
Transfer from Government	3	131,000,000	102,520,000
		131,000,000	102,520,000
Revenue exchange transactions			
Other incomes	4	12,079,645	7,528,698
		12,079,645	7,528,698
Total revenue		143,079,645	110,048,696
Expenses			
Employee costs	5	74,719,702	61,943,071
Directors' Remuneration	6	8,737,353	6,667,360
Depreciation and amortization expense	7	7,910,987	6,026,880
Repairs and maintenance	8	1,094,581	988,280
Contracted services	9	385,320	447,064
General expenses	10	34,199,496	20,650,433
Total expenses		127,047,439	96,723,088
Surplus /Deficit for the period		16,032,206	13,325,610

The notes set out on pages 7 to 30 form an integral part of the Financial Statements



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2016-2017 Kshs.	2015-2016 Kshs.
Assets			
Current assets			
Cash and cash equivalents	11	21,690,726.65	23,657,026
Receivables from non-exchange transactions	12	7,238,233.00	3,251,841
Inventories	13	9,493,966.35	9,563,051
		<u>38,422,926.00</u>	<u>36,471,918</u>
Non-current assets			
Property, plant and equipment	14	10,261,999.00	6,520,045
Intangible assets	15	11,239,513.00	3,410,399
		<u>21,501,512.00</u>	<u>9,930,444</u>
Total assets		<u>59,924,438.00</u>	<u>46,402,362</u>
Liabilities			
Current liabilities			
Trade Payables	16	4,929,779.00	6,032,060
Non-current liabilities			
Long term liabilities		=	=
Total liabilities		<u>4,929,779.00</u>	<u>6,032,060</u>
Net assets			
Reserves		3,437,014.00	3,437,014
Accumulated surplus		51,557,645.00	36,933,288
Total reserves		<u>54,994,659.00</u>	<u>40,370,302</u>
Total net assets and liabilities		<u>59,924,438.00</u>	<u>46,402,362</u>

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

Chairman of the Board

Date.....

18.1.2018

Executive Director

Date.....

18/1/2018



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Capital reserve Kshs.	Accumulated surplus Kshs.	Total Kshs.
Balance as at 30 June 2015	3,437,014	23,543,678	26,980,692
Surplus for the period	-----	13,325,610	13,325,610
Prior year adjustment	-----	64,000	64,000
Balance as at 30 June 2016	3,437,014	36,933,288	40,370,302
Surplus for the period	-----	16,032,206	16,032,206
Prior year adjustment (2015/2016 Unpresented cheques)	-----	(1,407,849)	(1,407,849)
Balance as at 30 June 2017	3,437,014	51,557,645	54,994,659

Reserves

Reserves held during the period are capital reserves and accumulated surplus

Prior Year Adjustments

The Prior Year Adjustment of Ksh 64,000 and Ksh 1,407,849 in 2015/2016 and 2016/2017 FY Periods are prior Parking rent deposits not captured in the earlier years and Unpresented cheques for periods before 2016/2017 respectively



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

		Note	2016-2017	2015-2016
Kshs.	Kshs.			
Surplus for the year			16,032,206	13,325,611
Adjusted for:				
Prior year adjustment			(1,407,849)	64,000
Depreciation and amortization	7		<u>7,910,987</u>	<u>6,026,879</u>
			<u>22,535,344</u>	<u>19,416,490</u>
Changes in working capital				
Increase / Decrease in Debtors	12		(3,986,392)	932,078
Increase / Decrease in Creditors	16		(1,102,281)	2,917,251
Increase / Decrease in Inventory	13		<u>69,085</u>	<u>93,711</u>
Net Cash flow from working capital			<u>(5,019,588)</u>	<u>3,943,040</u>
Net Cash flow from Operating Activities			<u>17,515,756</u>	<u>23,359,530</u>
Cash flows from investing activities				
Purchase of property, plant and equipment ¹⁴			(11,492,165)	(703,116)
WIP (Intangible Asset)			(7,989,890)	-
Acquisition of intangible assets	15		=	<u>(4,872,000)</u>
Net cash flows used in investing activities			<u>(19,482,055)</u>	<u>(5,575,116)</u>
Cash flows from financing activities			=	=
			<u>(19,482,055)</u>	17,784,414
Cash and cash equivalents as 1 st July 11			23,657,026	5,872,612
Increase/decrease in cash and cash equivalents			<u>(1,966,299)</u>	<u>17,784,414</u>
Cash and cash equivalents at 30 June			<u>21,690,727</u>	<u>23,657,026</u>



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue Reserve	23,657,025	-	23,657,025	23,657,025	-
Government grants and subsidies	131,000,000	-	131,000,000	131,000,000	-
Rendering of services	9,000,000	1,950,000	10,950,000	12,079,645	1,129,645
Total income	163,657,025	1,950,000	165,607,025	166,736,670	1,129,645
Capital Expenditure					
Office Furniture & General Equipment	15,900,000	4,400,000	20,300,000	13,219,555	7,115,564
Motor Vehicles	12,500,000	(450,000)	12,050,000	6,262,500	5,787,500
Total Capital Expenditure	28,400,000	3,950,000	32,350,000	19,482,055	12,903,064
Expenses					
Compensation of employees	79,355,000	(11,695,000)	67,660,000	61,467,123	6,192,877
Communication Supplies & Services	1,500,000	(375,000)	1,125,000	1,012,690	112,310
Domestic Travel Subsistence & Transport Cost	5,100,000	4,700,000	9,800,000	8,140,243	1,659,757
Foreign Travel Subsistence & Transport Cost	2,600,000	1,600,000	4,200,000	4,132,519	67,481
Publicity & Information Supplies	5,450,000	1,380,000	6,830,000	5,199,859	1,628,072

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Rent paid	16,000,000	(2,200,000)	13,800,000	13,293,317	506,683
Training Expenses	3,350,000	5,050,000	8,400,000	7,463,134	936,866
Office Catering Services	800,000	800,000	1,600,000	1,844,631	(244,631)
Board of Directors' Expense	7,500,000	2,200,000	9,700,000	8,737,353	1,028,808
Specialized Materials & Services	400,000	(380,000)	20,000		20,000
Office & General Supplies	1,750,000	1,290,000	3,040,000	2,234,137	772,813
Motor Vehicle Expenses	2,100,000	100,000	2,200,000	1,626,546	571,100
Office Operating Expenses	450,000	(50,000)	400,000	180,923	219,077
Professional Services	2,352,025	(1,000,000)	1,352,025	385,320	966,705
Repair & Maintenance	1,450,000	980,000	2,430,000	1,094,581	1,337,774
Anti-piracy Device Expenses	900,000	(700,000)	200,000	-	200,000
Corporate Social Responsibility	200,000	300,000	500,000	389,587	110,413
Competent Authority	4,000,000	(4,000,000)	-	-	-
Total Expenses	163,657,025	1,950,000	165,607,025	136,684,018	28,989,169
SURPLUS/DEFICIT				30,052,652	

Section 81(2) (f) of the Public Financial Management(PFM) Act 2012, a National Government Entity shall prepare financial statements which shall include a statement of entity's performance against predetermined objectives. IPSAS 24, further requires an entity to prepare the statement of comparison of budget and actual indicating the original and final budget compared against actual amounts

A detailed explanation of key variance between Budget and Actual performance is Annexed as Appendix 1



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

	Ksh	Ksh
Total Expenditure per Budget(Actual)		136,684,018
Add provisions: 1. Audit fees	290,000	
3. Stock write off	4,672	
4. Bad Debt provision (court fines)	660,000	
5. Gratuity	979,817	
6. Depreciation/Amortization	7,910,987	9,845,476
Total Expenditure (Revenue+ Capital + Provisions)		146,529,494
Less Total Capital Expenditure		19,482,055
Total (Revenue Expenses + Provisions) (Per Statement of Financial Performance)		127,047,439

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(a). Adoption of new and revised standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. <i>The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</i></p>
IPSAS 34: Separate Financial Statements	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. <i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/</i></p>
IPSAS 35: Consolidated Financial Statements	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one</p>



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	<p>or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The entity does not have investments in associates or joint ventures and therefore the standard does not apply</i></p>
<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply</i></p>
<p>IPSAS 38: Disclosure of Interests in Other Entities</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that</p>



	<p>enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. <i>The entity does not have an interest in other entities and therefore the standard does not apply</i></p>
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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019:</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.</p>

2(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. 131,000,000 from the government through the parent ministry. Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

a) 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.

b) 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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

c) 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.

d) 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.

e) 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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 per employee per month

i) Cash and cash equivalents

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



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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. Specific Accounting standards adopted by the Board for its financial instruments outstanding at year end are set out as follows:

Trade receivables

Trade receivables are carried at anticipated realizable value.

Trade payables

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

k) Leases

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

l) Depreciation

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

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



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 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 reporting date, that have a significant risk of causing a material adjustment to the carrying of assets and liabilities within the next financial year, are described below. The Board 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 in the assumptions when they occur.

Useful lives and residual values

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

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

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a) 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, 2016.

b) 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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED;

3. Revenue

(a) Government Grants		2016-2017	2015-2016		
		Ksh.	Ksh.		
Grants		131,000,000	102,520,000		
Entity Sending Grant	Amount recognized to Statement of performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2015-2016
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
State Law Office	131,000,000	N/A	N/A	131,000,000	102,520,000
TOTAL	131,000,000			131,000,000	102,520,000

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

	2016-2017	2015-2016
4. Other income	Kshs.	Kshs.
CMO license renewal	6,298,367	5,251,386
Copyright Registration	1,256,930	1,370,127
Sale of Stickers	240,800	350,320
Partnerships	2,530,093	-
Out of Court Settlement fees	225,400	98,368
Court Fines	610,000	50,000
Others *****	918,055	408,497
Total income	<u>12,079,645</u>	<u>7,528,698</u>



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4(a) Others explained: *****

Disposal of Wastepaper	16,800	=
Refund of Excess Premiums(Insurance)	162,561	=
CSR Support (Film Classification Board)	275,000	=
Receipts not in Cashbook (2009 to 2015)	<u>463,694</u>	=
Total Others	<u>918,055</u>	

5. Employee Cost	2016-2017	2015-2016
	Shs.	Shs.
Basic Salaries	31,329,289	28,278,950
Pensions and Medical	9,159,964	10,220,369
Travel, accommodation and other allowances	12,272,762	4,469,608
Housing benefits and allowances	20,977,870	18,974,144
Gratuity	979,817	
Total employee costs	<u>74,719,702</u>	<u>61,943,071</u>

6. Directors Remuneration	2016-2017	2015-2016
	Shs.	Shs.
Sitting allowances and other costs	7,693,353	5,710,360
Chairman honorarium	960,000	880,000
Chairman telephone allowance	<u>84,000</u>	<u>77,000</u>
Total Directors Remuneration	<u>8,737,353</u>	<u>6,667,360</u>

7. Depreciation and Amortization Expense	2016-2017	2015-2016
	Shs.	Shs.



Property, plant and equipment	6,288,611	5,584,067
Intangible assets	<u>1,622,376</u>	<u>442,813</u>
Total Depreciation and Amortization	<u>7,910,987</u>	<u>6,026,880</u>

8. Repairs and Maintenance	2016-2017	2015-2016
	Shs.	Shs.
Equipment	15,907	379,737
Vehicles	984,586	608,543
Others	<u>94,088</u>	-
Total repairs and maintenance	<u>1,094,581</u>	<u>988,280</u>

9. Contracted services	2016-2017	2015-2016
	Shs.	Shs.
Contracted professional services	<u>385,320</u>	<u>447,064</u>
Total contracted services	<u>385,320</u>	<u>447,064</u>



NOTES TO FINANCIAL STATEMENT CONTINUED

	2016-2017	2015-2016
	<u>Shs.</u>	<u>Shs.</u>
10. General expenses		
Advertising	2,806,202	1,181,548
Audit fees	290,000	290,000
Conferences and delegations	1,844,631	879,907
Consumables	2,234,137	386,267
Fuel and oil (MV Expenses)	1,132,742	488,096
Insurance (MV Expenses)	414,203	427,887
Postage	17,545	23,195
Printing and stationery	2,393,657	2,562,700
Rental	13,293,317	12,980,552
Telecommunication	995,145	597,741
Training	7,463,134	689,500
Corporate Social Responsibility	389,587	-
Motor Vehicle Expenses(Lease/Hire)	79,600	-
Stock Write Off	4,672	-
Provision for Bad debts	660,000	
Other	<u>180,924</u>	<u>143,040</u>
Total General expenses	<u>34,199,496</u>	<u>20,650,433</u>



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Cash and Cash equivalent	2016-2017	2015-2016
	Shs.	Shs.
Bank	21,268,127.65	23,520,153
Cash	<u>422,599</u>	<u>136,873</u>
Total Cash and Cash equivalent	<u>21,690,726.65</u>	<u>23,657,026</u>

11 (a) Bank

Name of the bank	Bank Account Number	Currency	2017	2016
Kenya Commercial Bank	1104002450	Kshs.		
			21,268,127.65	23,520,153
Total	1		21,268,127.65	23,520,153

11 (b) Cash on hand

Liquid Cash	2017	2016
	Kshs	Kshs
	422,599	136,873
Total	422,599	136,873

12. Receivables from non-exchange transactions	2016-2017	2015-2016
	Shs	Shs
Staff Salary Advance	-	12,000
Staff Temporary Imprest	400,227	39,000
Ideate Technologies	-	64,738
Deposits(Rent)	2,563,705	2,563,705
Court Fines		50,000
Medical Insurance cover(Prepaid)	3,961,740	522,398
WIPO	150,000	
C. I. C Insurance	162,561	
Total Receivables	<u>7,238,233</u>	<u>3,251,841</u>



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Inventories	2016-2017	2015-2016
	Shs	Shs
Hologram Stickers	<u>9,493,965.35</u>	<u>9,563,051</u>
Total Inventories	<u>9,493,965.35</u>	<u>9,563,051</u>

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14. PROPERTY PLANT AND EQUIPMENTS

	Motor Vehicles 25%	Office Equipment 12.5%	Furniture & Fittings 12.5%	NHIF Partition 16.667%	Computer Equipments 33.3%	Work In Progress	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		Kshs.
At June 30, 2015	7,820,000	3,514,380	5,981,893	7,973,640	5,096,028	-	30,385,941
Additions	-	-	-	-	703,116	1,461,600	2,164,716
Adjustments	-	-	-	-	(2,480,824)	-	(2,480,824)
At June 30, 2016	7,820,000	3,514,380	5,981,893	7,973,640	3,318,320	1,461,600	30,069,833
Additions	6,262,500	185,000	2,123,475	-	2,921,190	-	11,492,165
Adjustments	-	-	-	(7,973,640)	(2,358,449)	(1,461,600)	(11,793,689)
At 30 TH JUNE 2017	14,082,500	3,699,380	8,105,368	-	3,881,061	-	29,768,309
Depreciation and Impairment							
At June 30, 2015	3,910,000	2,197,788	3,249,756	6,636,608	4,452,393	-	20,446,545
Depreciation	1,955,000	439,297	747,737	1,337,032	1,105,001	-	5,584,067
Adjustments	-	-	-	-	(2,480,824)	-	(2,480,824)
Net Depreciation	1,955,000	439,297	747,737	1,337,032	1,105,001	-	5,584,067
At June 30, 2016	5,865,000	2,637,085	3,997,493	7,973,640	3,076,570	-	23,549,788
Depreciation 2016/2017	3,520,625	462,422	1,013,171	-	1,292,393	-	6,288,611
Adjustments	-	-	-	(7,973,640)	(2,358,449)	-	(10,332,089)
Net Depreciation 2016/2017	3,520,625	462,422	1,013,171	-	1,292,393	-	6,288,611

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At 30 TH June 2017	9,385,625	3,099,507	5,010,664	-	2,010,514	-	19,506,310
NET BOOK VALUE AS AT 30.06.2017	4,696,875	599,873	3,094,704	-	1,870,547	-	10,261,999
NET BOOK VALUE AS AT 30.06.2016	1,955,000	877,294	1,984,401	-	241,750	1,461,600	6,520,045

Computer equipment with gross carrying amount of Kshs. 2,358,449 have been fully depreciated and thus removed and put in the Disposal Asset list

NHIF Partition which had been fully depreciated in the previous year, and whose initial cost was Kshs. 7,973, 640 have been adjusted for in the movement schedule.

Work In Progress (WIP) amounting to Kshs. 1,461,600 in relation to year 2015/2016 have been transferred to Intangible Assets from the above movement schedule, where they were initially captured

Total depreciation expense (Ksh. 6,288,611) for 2016/2017 FY plus Total Amortization charges(Ksh1,622,376) for intangible Assets as per below schedule. Therefore, the total expense in statement of Financial performance is (K.sh. 7,910,987)

The Net book value as at June 2017 for Property, Plant and Equipment is amount of Ksh. 10,261,999 Which amount goes to the Statement of Financial Position (Balance Sheet)



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NOTES TO THE FINANCIAL STATEMENTS CONTINUED;

15. Intangible Assets-Computer Software

(Work-In-Progress) WIP	2016-2017	2015- 2016
Shs.	Shs.	Shs.
At 1 July	<u>4,738,838</u>	<u>1,328,438</u>
Additions /WIP 7,989,890	<u>1,461,600</u>	<u>3,410,400</u>
Adjustments	(1,328,438)	-
At 30th June 7,989,890	4,872,000	4,738,838
Amortization		
Accumulated Amortization	1,328,439	885,626
Amortization -	1,622,376	<u>442,813</u>
Adjustments	(1,328,438)	
At June 2017	<u>1,622,377</u>	<u>1,328,439</u>
Net Book Value as at 30th June <u>7,989,890</u>	<u>3,249,623</u>	<u>3,410,399</u>

Intangible Assets amounting to Ksh. 1,328,438 were fully amortized and thus removed from schedule, while Intangible Assets amounting to Ksh. 3,410, 400 and which were not amortized in the previous year (2015/2016) since they were partially complete have been amortized. Work In Progress in relation to Implementation of Enterprise Resource System(ERP) whose contract value is Ksh. 11,680,272, was valued at Ksh. 7,989,890 representing 68% completion rate in 2016/2017 out which Ksh. 6,074,741 was paid while Ksh. 1,916,149 was not paid for by end of 2016/2017 FY. The total value of intangible Asset in the statement of Financial Position is made up of the value of Work In-Progress(WIP) Ksh. 7,989,890 and the Net book value of the old Intangible assets(EDMS) Ksh. 3,249,623, giving a total value of Ksh. 11,239,513. Since the portion for ERP was incomplete, no amortization was done. The Intangible Asset Amortized is the value of the EDMS (Ksh. 4,872,000 the cost)

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16. Current payables	2016-2017	2015-2016
	Shs.	Shs.
Provision for Audit fees	290,000	290,000
Partitions(NHIF)	-	-
Gratuity	979,817	-
Provision for Bad debts (Court Fines)	-	-
Chairman`s Honorarium	-	348,000
Supply of newspaper	-	19,800
Training on HIV	9,400	30,000
Provision of access control power and maintenance (Bylaw Solutions)	-	39,500
EDMS(WIP)	-	4,872,000
Ecopeak E.A Ltd	-	156,500
Hire of Auditorium	-	40,600
Supply of staplers	-	32,500
Supply of English/Swahili service charter	-	42,500
Kenya Tonner and Ink solution	-	160,660
Internet Services	196,355	-
Leave allowances	64,048	-
Dynasoft-Development/Testing ERP	1,916,149	-
Unpresented Cheques 2015/2016	1,407,849	-
Owing to Board Chairman (Underpaid Airtime)	66,161	-
Total	<u>4,929,779</u>	<u>6,032,060</u>

17. Contingent Liabilities

The Board did not have any contingent Liability during the year 2016/2017



NOTES TO THE FINANCIAL STATEMENTS CONTINUED;

18. Related Party Transactions	2016-2017	2015-2016
	<u>Shs.</u>	<u>Shs.</u>
Remuneration of Directors		
Allowances paid to Directors	8,737,353	6,667,360
Key management compensation		
Salaries and other short-term employment benefits	22,191,175	17,927,830
Outstanding balances with related parties		
Staff receivables (Note 11)	400,227	51,000

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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 the Board’s maximum exposure to credit risk as at 30th June 2016.

At 30 June 2017

	Fully performing	Past due	Impaired	Total
Bank balances	21,690,727	-	-	21,690,727
	=====	=====	=====	=====

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



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Table below provides Receivables Aging Listing (**Note 12**)

	1 – 6 Months Shs	6 - 12 Months Shs	1 – 5 Years Shs	Total Shs
At 30 June 2017				
Asset				
Receivables	<u>4,674,528</u>	-----	2,563,705	<u>7,238,233</u>
At 30 June 2016				
Asset				
Receivables	688,136	-----	2,563,705	3,251,841

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.



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 Shs	6 - 12 Months Shs	1 – 5 Years Shs	Total Shs
At 30 June 2017				
Financial liabilities				
Trade payables	<u>4,929,779</u>	=	-	<u>4,929,779</u>
At 30 June 2016				
Financial liabilities				
Trade payables	<u>6,032,060</u>	-	-	<u>6,032,060</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. Progress on Follow Up of Auditor Recommendations

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

Chairman of the Board

Date:
 18.1.2018

Executive Director

Date:
 18/1/2018



APPENDIX I: EXPLANATION OF KEY VARIANCES IN THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS"

Appendix 1

Budget Component	Original Budget	Adjustment	Revised Budget	Actual	% utilization	Explanation of Variance between Budget and Actual Performance 2016/2017 FY
Revenue reserve	23,657,025	-	23,657,025	23,657,025	100%	
GOK Grant	131,000,000	-	131,000,000	131,000,000	100%	
Other Incomes	9,000,000	1,950,000	10,950,000	12,079,645	110%	
Office & General Equipment	15,900,000	4,400,000	20,300,000	13,219,555	65%	The adjustment was necessitated by the cost of the Enterprise Resource Planning System(ERP). The summarised vote contains cost of office furniture, computers/computer software. The ERP was budgeted under this vote. The under expenditure is occasioned by uncompleted ERP
Motor Vehicles	12,500,000	(450,000)	12,050,000	6,262,500	52%	The basis of adjustment is informed by market prices compared to budgeted amounts. The actual expenditure amount is well captured in the PPE. -un-Utilized amount was occasioned by dispute between the Contracted agent (Pewin Motors) and dealer (GM
Compensation of employees	79,355,000	(11,695,000)	67,660,000	61,467,123	91%	During the year a number of senior staff left and it took long to replace them hence the adjustment.The actual amount in the FS includes Ksh. 12,272,762 and 979,817 for travel/accomodation and Gratuity provision respectively.
Communication supplies & Services	1,500,000	(375,000)	1,125,000	1,012,690	90%	Basis of adjustment, Under-spending, Actual expenditure indicated could not be traced in the Financial statements
Domestic travel subsistence & transport cost	5,100,000	4,700,000	9,800,000	8,140,243	83%	Adjustment done to correct under budgeting during budget process.The amount is consolidated together with Employee cost under the FS(Forms Ksh. 74,719,702.
Foreign travel subsistence & transport cost	2,600,000	1,600,000	4,200,000	4,132,519	98%	Adjustment done to correct under budgeting during budget process.The amount is consolidated together with Employee cost under the FS(Forms Ksh. 74,719,702.

Kenya Copyright Board
Reports and Financial Statements
For the year ended June 30, 2017



KENYA COPYRIGHT BOARD

Publicity & Information supplies	5,450,000	1,380,000	6,830,000	5,199,859	76%	This item is captured under General Expenses. Advertising and Printing/Stationery
Rent paid	16,000,000	(2,200,000)	13,800,000	13,293,317	96%	The anticipated Rental review did not happen hence necessitating the reallocation
Training expenses	3,350,000	5,050,000	8,400,000	7,463,134	89%	This vote entails training targeting Staff and also Stakeholders trainings. The reallocation was necessary to take care of these two items adequately
Office catering services	800,000	800,000	1,600,000	1,844,631	115%	This vote entails catering costs incurred during meetings involving staff n also stakeholder training. It was necessary to adjust to take care of the two items sufficiently
BOD Expenses	7,500,000	2,200,000	9,700,000	8,737,353	89%	The adjustment was necessary to take care of under -budgeting at Budget level.
Specialized materials & services	400,000	(380,000)	20,000	-	0%	The demand was not forthcoming hence need to adjust.
Office & General supplies (consumables)	1,750,000	1,290,000	3,040,000	2,234,137	75%	the adjustment was called for to take care of increased demand and cure under Budgeting
Motor Vehicle expenses	2,100,000	100,000	2,200,000	1,626,546	74%	The motor vehicle expenses is make up of (Insurance Ksh 414,203, Fuel/Oil Ksh 1,132,742 and Motor V. Related Exp. Ksh. 81,955. The Ksh. 79,600 captured under MV Expenses is for Lease/Hire of MV
Office operating expense	450,000	(50,000)	400,000	180,923	45%	This item is bank charges (Ksh. 146,540.50 and contracted cleaning (Ksh. 34,383) for the period. Captured under General Expenses in FS
Professional services	2,352,025	(1,000,000)	1,352,025	385,320	28%	The reallocation was necessary to take care of overestimation at budget level
Repairs & Maintenance	1,450,000	980,000	2,430,000	1,094,581	45%	Management discipline and strict controls enabled the minimal cost saving
Anti-Piracy device expenses	900,000	(700,000)	200,000	-	0%	Although budgeted for, it was not utilized owing to non-demand during the period
CSR	200,000	300,000	500,000	389,587	78%	Adjustment was necessitated by under estimation of the cost during budget preparation
Competent Authority	4,000,000	(4,000,000)	-	-	0%	The competent Authority was not established as anticipated by the Office of Attorney General



KECOBO/01/SLO/2017
 15/08/2017

APPENDIX 2: 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 2017 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 2017							
Reference number	Date Disbursed	Amounts Disbursed (State Law Office) Kshs) as at 30 th June 2017				Amount Received by (KECOBO) (KShs) as at 30 th June 2017 (E)	Differences (KShs) (F)= (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A +B+ C)		
615978	15/08/2016		N/A			32,750,000	
615886	11/10/2016		N/A			32,750,000	
669620	24/01/2017		N/A			32,750,000	
669606	10/04/2017		N/A			32,750,000	
TOTAL						131,000,000	

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

Head of Accounts Department
 Name.....Sign.....date.....

Your Sincerely;

George Nyakweba
 For: Executive Director
 Kenya Copyright Board
 CC: Director General Accounting Services and Quality Assurance, National Treasury