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By leader of majority
Hon. Peter Ombaki
On Tuesday
23/7/2013

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2012

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KENYA COPYRIGHT BOARD
PROTECTING COPYRIGHT, ENCOURAGING CREATIVITY







REPUBLIC OF KENYA



KENYA COPYRIGHT BOARD



Financial Statements

For the Year Ended 30th June 2012

Corporate Information

Principal Place of Business

RAGATI ROAD
N.H.I.F BUILDING, 5TH FLOOR,
P. O. BOX 34670-00100,
NAIROBI.

Auditor

THE AUDITOR- GENERAL,
KENYA NATIONAL AUDIT OFFICE,
P.O.BOX 30084-00100,
NAIROBI.

Bank

KENYA COMMERCIAL BANK,
A/C NO. 1104002450,
KIPANDE HOUSE.

Kenya Copyright Board was established under the Copyright Act, 2001, Section 3 (1) as a body corporate. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

Our Vision

To be a world class agency for the administration of Copyright and related rights.

Our Mission

To protect and promote Copyright in Kenya for socio-economic and cultural development.

Our Corporate Values

- ▶▶ Professional integrity and ethical standards.
- ▶▶ Commitment.
- ▶▶ Accountability and transparency.
- ▶▶ Efficiency.
- ▶▶ Respect for diversity.

Principle Activities

The principle activities of the Kenya Copyright Board are;

- ▶▶ Registration of Copyright and related rights.
- ▶▶ Licensing and supervision of collective management organizations.
- ▶▶ Establishment and maintenance of a Copyright data base.
- ▶▶ Training of rights holders.
- ▶▶ Creation of awareness and publicity on Copyright and related rights.
- ▶▶ Enforcement of Copyright Laws.
- ▶▶ Constant review of the Copyright Laws.
- ▶▶ Protection of Traditional Cultural Expressions.



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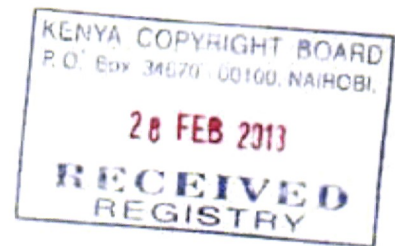
REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF
THE
AUDITOR-GENERAL**

ON



**THE FINANCIAL STATEMENTS OF
KENYA COPYRIGHT BOARD FOR THE
YEAR ENDED 30 JUNE 2012**

REPUBLIC OF KENYA

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



P. O. Box 30084-00100
NAIROBI

Date:.....

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Copyright Board set out on pages 3 to 15, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

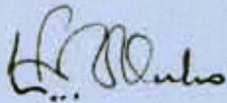
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of the Board as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Copyright Act, 2001.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 February 2013

Statement of Board Members Responsibilities

The Copyright Act Cap 130 of the Laws of Kenya established the Kenya Copyright Board (KECOBO) requires the Board of Directors to prepare financial statements every financial year. These statements should give a true and fair view of the state of affairs of the Kenya Copyright Board and its operating results as at the end of that financial year. It also requires the management to ensure that proper accounting records are maintained. In addition, the management should ensure that KECOBO's assets are safe guarded.



The Board of Directors accepts responsibility for these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. These have been done in conformity with the Government Financial Regulations and the generally accepted accounting principles.

AUDITORS

According to Government financial regulations and procedures, the accounts of every State Corporation shall be audited and reported annually by the Auditor-General in accordance with the Public Audit Act 2003 and hence the Board's Auditors will be Kenya National Audit of the Government of Kenya.

A handwritten signature in black ink, appearing to read 'Tom Mshindi'. The signature is stylized and fluid.

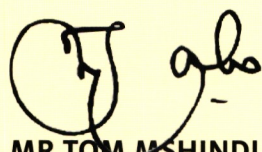
Mr. Tom Mshindi
CHAIRMAN, BOARD OF DIRECTORS

DATE: 12/02/2013

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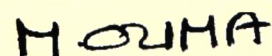
Statement of Comprehensive Income for the Year Ended 30 June 2012

	Notes	<u>2012</u> Kshs.	<u>2011</u> Kshs.
INCOME			
Income from Government		81,000,000	52,000,000
Court fines		124,450	1,235,000
Other Incomes	(8)	<u>2,904,427</u>	<u>5,179,600</u>
Total income		<u>84,028,877</u>	<u>58,414,600</u>
EXPENDITURE			
Employee Benefit Expenses	(9)	35,027,218	25,942,229
Operating Expenses	(10)	31,259,287	21,083,521
Board Expenses	(11)	6,736,160	3,133,140
Depreciation		6,286,804	3,681,780
Provision for Audit Fee		250,000	200,000
Total Expenditure		<u>79,559,469</u>	<u>54,040,670</u>
SURPLUS FOR THE YEAR		<u>4,469,408</u>	<u>4,373,930</u>



MR. TOM MSHINDI
CHAIRMAN, BOARD OF DIRECTORS

DATE: **12/02/2013**
.....




DR. MARISELLA OUMA,
EXECUTIVE DIRECTOR

DATE: **5/02/2013**
.....

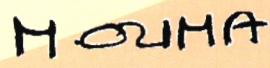
Statement of Financial Position as at 30 June 2012

	Notes	<u>2012</u> Kshs.	<u>2011</u> Kshs.
ASSETS			
Non –Current assets			
Property plant and Equipments	(2)	17,958,926	12,423,444
Current Assets			
Inventory	(3)	11,264,700	12,164,132
Receivable & Prepayments	(4)	3,705,755	4,216,968
Cash and Bank Balances	(5)	<u>5,197,557</u>	<u>2,469,798</u>
TOTAL ASSETS		<u>38,126,938</u>	<u>31,274,342</u>
RESERVES & LIABILITIES			
Capital Reserves	(6)	3,437,014	3,437,014
Revenue Reserves		<u>29,104,442</u>	<u>24,635,034</u>
Sub- Total		32,541,456	28,072,048
Current Liabilities			
Payables & Accruals	(7)	<u>5,585,482</u>	<u>3,202,294</u>
TOTAL EQUITY & LIABILITIES		<u>38,126,938</u>	<u>31,274,342</u>


MR. TOM MSHINDI.

CHAIRMAN, BOARD OF DIRECTORS

DATE: **12/02/2013**
.....


DR. MARISELLA OUMA,
EXECUTIVE DIRECTOR

DATE: **5/02/2013**
.....

Statement of Cashflow for the Year Ended 30th June 2012

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Surplus for the year	4,469,408	4,373,930
Adjusted for:		
Depreciation	6,286,804	3,681,780
	<u>10,756,212</u>	<u>8,055,710</u>
<u>Changes in working capital</u>		
Increase/Decrease in Debtors	511,213	7,992,365
Increase/Decrease in Creditors	2,383,188	161,104
Increase/Decrease in Stock	899,432	(12,164,132)
Net Cash flow from operating activities	<u>3,793,833</u>	<u>4,045,047</u>
<u>Cash flow from investing activities</u>		
Purchase of assets	(11,822,286)	(5,883,459)
Net cash flow from investing activities	<u>(11,822,286)</u>	<u>(5,883,459)</u>
Cash flow from financing activities		
Government Grant	_____	_____
Net Cash flow from financing		
Increase in Cash and cash equivalents	2,727,756	(1,838,412)
Cash and cash Equivalent at the beginning	2,469,798	4,308,210
Cash & Cash equivalent at the end	<u>5,197,557</u>	<u>2,469,798</u>

Statement of Changes in Equity for the Year Ended 30th June 2012

Statement of Changes in Equity for the Year Ended 30th June 2011

	Capital Reserve	Revenue Reserve	Total
	Kshs.	Kshs.	Kshs.
Opening Balance	3,437,014	20,261,104	23,698,118
Surplus	-	4,373,930	4,373,930
Balance as at 30th June 2011	<u>3,437,014</u>	<u>24,635,034</u>	<u>28,072,048</u>

Statement of Changes in Equity for the Year Ended 30th June 2012

	Capital Reserve	Revenue Reserve	Total
	Kshs	Kshs	Kshs
Opening Balance	3,437,014	24,635,034	28,072,048
Surplus	-	4,469,408	4,469,408
Balance as at 30th June 2012	<u>3,437,014</u>	<u>29,104,442</u>	<u>32,541,456</u>

Notes to the Financial Statements

NOTE 1:

Accounting Policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Treatment of similar items is consistently applied. The financial statements have been prepared in Kenyan shillings.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

The Source of Board revenue includes the Government grant & Appropriation in Aid.

Government grant is recognized in the financial statement when received, while Appropriation in Aid recognized when earned.

(c) Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation.

(d) Depreciation

Depreciation is calculated on straight line basis, and the annual depreciation rate is as follows:

Motor vehicles	25%
Furniture and fittings	12.5%
Office equipment	12.5%
Computers	33.3%

Full depreciation is charged in the year of purchase /acquisition and none in the year of disposal.

(e) Cash and cash equivalents

Cash and cash equivalents comprise of Balance in the Bank account and Cash at hand.

(f) Retirement benefit obligation

The Board does not have any Pension Scheme for its employees. The seconded staff are covered under the Civil Servants Pension Scheme.

(g) No. of employees

- 2010/2011 (12 Months) - 35 employees
- 2011/2012 (12 Months) - 37 employees

(h) Inventory

The Inventory is valued at Cost or Net Realizable value.

(i) Capital reserves

These are Assets inherited by the Board from State Law Office.

(j) Partitioning

Kshs.1,626,974.00 worth of partitioning paid by the Board for the period that Kenya Copyright Board occupied offices on forth floor will cover the last 15 months to the end of the current lease.

NOTE 2:**FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2012**

	Motor vehicles	Office Equipment	Furniture & Fittings	Computers	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COSTS					
Cost/Valuation As at 1 st July 2012	6,407,550	2,696,530	6,840,859	2,665,822	18,610,761
Additions	4,156,758	221,750	4,522,414	2,921,364	11,822,286
As at 30 th June 2012	10,564,308	2,918,280	11,363,273	5,587,186	30,433,047
DEPRECIATION					
Acc. dep	(2,572,501)	(580,899)	(1,705,609)	(1,328,308)	(6,186,317)
Charge for the year	(2,641,077)	(364,785)	(1,420,409)	(1,860,533)	(6,286,804)
NET BOOK VALUE					
As at 30 th June 2012	5,350,730	1,972,596	8,237,255	2,398,345	17,958,926
As at 30 th June 2011	3,835,049	2,115,631	5,135,250	1,337,514	12,423,444

NOTE 3:**INVENTORY**

	2012	2011
	Kshs.	Kshs.
Stationery	816,552	1,259,244
Computer Accessories	207,500	-
Cleaning and Sanitary	7,215	4,187
Building and Construction	19,496	7,500
Library Materials	-	342,708
Holograms	10,213,936	10,555,593
	11,264,700	12,169,232
Less Provision for obsolete stock-	-	(5,100)
Total	11,264,700	12,164,132

NOTE 4:

RECEIVABLES AND PREPAYMENTS

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Staff Debtors	-	11,000
Rent Deposit	2,441,205	963,534
Prepaid Rent	-	465,455
Medical Insurance	-	211,429
Ngulia Lodge	-	1,125,000
African Wildlife	-	176,000
Judiciary fines	1,264,550	1,264,550
Total	<u>3,705,755</u>	<u>4,216,968</u>

NOTE 5:

CASH AND BANK BALANCES

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Bank Balance	5,195,522	2,394,274
Cash Balance	2,035	75,524
	<u>5,197,557</u>	<u>2,469,798</u>

NOTE 6:

EQUITY

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Capital reserves	<u>3,437,014</u>	<u>3,437,014</u>

NOTE 7:

PAYABLES & ACCRUALS

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Provision for Audit fees	250,000	200,000
Partitioning	5,323,879	2,221,294
NSSF	2,000	-
PAYE	9,000	-
Sheria Welfare Association	600	-
Staff Creditors (Helen)	3	-
United Micro care System Ltd	-	781,000
Total	<u>5,585,482</u>	<u>3,202,294</u>

NOTE 8:

OTHER INCOMES

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Copyright Registration	566,250	793,900
Sale of Stickers	1,490,500	4,180,200
Sale of Tenders	147,000	184,500
Refund	693,697	-
Other Incomes	6,980	21,000
Total	<u>2,904,427</u>	<u>5,179,600</u>

NOTE 9:

EMPLOYEE BENEFIT EXPENSE

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Basic salaries - permanent employees	17,432,153	14,425,157
House allowance	7,541,195	6,496,317
Medical allowance	2,589,465	613,499
Non practicing	1,080,000	840,000
Responsibility allowance	-	182,700
Commuter allowance	2,033,681	1,794,096
Extraneous allowance	858,411	-
Leave allowance	192,000	162,000
Internship allowance	236,000	176,000
Statutory deductions	39,000	26,200
Pension	1,053,580	1,226,259
Gratuity	1,971,733	-
Total Employee Benefits	<u>35,027,218</u>	<u>25,942,229</u>

NOTE 10:**OPERATING EXPENSES**

	2012	2011
	Kshs	Kshs
Utilities supplies & services		
Telephone, Telex, Facsimile & phone services	850,629	496,660
Internet & Telephone connection	10,538	17,980
Courier & postal services	31,344	36,215
Domestic travel & other transport costs		
Travel cost	882,400	698,979
Daily subsistence	4,126,205	1,821,274
Foreign travel & other transport costs		
Travel cost	1,235,441	437,594
Daily subsistence	2,330,909	1,837,322
Publishing & Printing services	1,313,174	2,215,346
Subscription to newspaper& Magazines	387,510	438,010
Advertising, Awareness & Publicity	778,513	2,969,627
	1,623,365	-
Rentals of Produced Asset		
Rent and Rates	8,708,478	4,341,859
Parking Fees	311,150	-
Training expense		1,184,876
Travel Expenses	263,025	-
Instructor Remuneration	265,268	-
Hire of Training Facilities	1,275,924	-
Tuition Fees	643,488	-
Office Catering Services	969,540	707,667
Education & library services	2,300	71,920
Purchase of uniforms and clothing	-	88,286
Office & General Supplies	-	116,846
General Office Supplies	710,977	-
Computer Accessories	560,506	-
Sanitary and Cleaning	64,915	-
Motor Vehicle Related Expenses		
Insurance Expense	563,323	542,705
Fuel & Lubricants	799,641	864,642
Other operating expenses		
Bank Services, Commission and Charges	97,607	25,800

NOTES TO THE FINANCIAL STATEMENT CONTINUED . . .

	<u>2012</u>	<u>2011</u>
	Kshs	Kshs
Contracted Guards & cleaning services	127,200	100,000
General Office Insurance	124,271	-
Contracted Professional Services	559,400	803,216
Routine Maintenance		391,162
Maintenance of Computers	57,600	-
Maintenance of Buildings	316,980	-
Maintenance of Office Furniture & Equipment	32,091	-
Maintenance of Motor Vehicles	398,599	-
Specialized material & services	836,976	875,555
TOTAL OPERATING EXPENSES	<u>31,259,287</u>	<u>21,083,521</u>

NOTE 11:

BOARD EXPENSES

	<u>2012</u>	<u>2011</u>
	Kshs	Kshs
Board Expenses	<u>6,736,160</u>	<u>3,133,140</u>

Pictorial



KECOBO Board and Management at the Retreat.



Producers attending a training session at KECOBO Offices.



Participants of the WIPO Conference on Enhancing the Culture of Reading and Books in the Digital Age at Laico Regency.

Pictorial



Ms. Gao Hana (standing right), of World Intellectual Property Organization at the closing ceremony of a WIPO training Nairobi.



Ms. Helen Koki attends Standing Committee on Copyright and Related Rights in Switzerland, Geneva.



Destruction of pirated CD's and DVDs at Ecopost.



Participants of the World Intellectual Property Day conference at Hilton Hotel.



Mr. Sigei Training Media at Boulevard Hotel.



KECOBO Enforcement Officer at Industrial Area during a Raid.

Pictorial



Ms. Helen Koki and Paul Nzeveka Training Lecturers at Chuka University.



Dr. M. Ouma Launches Adobe Amnesty Campaign.



Some KECOBO staff enjoying a meal during a staff lunch.



Symbolic burning of Copyright Infringed Materials during World Intellectual Property Day.



Our Contacts

Kenya Copyright Board
5th Floor, NHIF Building - Community,
Ragati Road/Ngong Road,
P. O. Box 34670-00100,
Nairobi - Kenya.

Tel: +254 20 253 3869/59,
Email: info@copyright.go.ke
Website: www.copyright.go.ke
Twitter: www.twitter.com/Kenya Copyright
Facebook: Kenya Copyright Board



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