REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA LITERATURE BUREAU

FOR THE YEAR ENDED
30 JUNE, 2022

KENYA LITERATURE BUREAU

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2022

KENYA LITERATURE BUREAU

Publishing and Printing for YOU

Vision

"A knowledgeable and inspired society"

Mission

"To provide innovative and competitive publishing and printing solutions"

Core Values

- Customer Focus
- Integrity
- Creativity and Innovation
- Quality **Publishing** and **Printing** Solutions

South C, Bellevue Area, KLB road, Off Popo Road

P.O. Box 30022-00100 Nairobi, Kenya

+254 711 318188 | +254 732 344599

+254 20 3541196/7

www.klb.co.ke

info@klb.co.ke

Kenya Literature Bureau

@klb_kenya

Kenya Literature Bureau

I. KEY CORPORATE INFORMATION

a) BACKGROUND INFORMATION

Kenya Literature Bureau was established through the Kenya Literature Bureau Act, Cap 209 of 1980 (Revised 2012). KLB is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the corporation. The Bureau is domiciled in South C along KLB Road, Nairobi and has a Sales and Customer Service Branch on Kijabe Street, Nairobi.

b) PRINCIPAL ACTIVITIES

The principal activity of the Kenya Literature Bureau is to publish, print and disseminate quality literary, educational, cultural and scientific literature and materials. The Vision, Mission, Strategic objectives and Core values of Kenya Literature Bureau are as follows:

VISION

A knowledgeable and inspired society.

MISSION

To provide innovative and competitive publishing and printing solutions.

STRATEGIC OBJECTIVES

1. To grow projected gross revenue from Kshs. 2.718 Billion in 2020/21 to Kshs. 3.198 Billion in 2024/25.
2. To increase customer satisfaction from 80% in 2019/20 to 83% by 2024/25.
3. To improve operational efficiency from 1.205 in 2019/20 to 1.282 in 2024/25 (reduce total operational efficiency from 83% in 2019/20 to 78% in 204/25.
4. To enhance average employee productivity (total revenue to the number of employees) by 2% from Kshs. 13,389 Million to Kshs. 13,609 Million per employee by 2024/25.

CORE VALUES

i) Customer Focus
ii) Integrity
iii) Creativity and Innovation
iv) Quality Publishing and Printing Solutions

c) DIRECTORS

The Members who served the entity during the period under review were as follows:

1.	Hon. Amb. Francis S. K. Bayah, EBS	- Board Chairman – Re-appointed on 3 May, 2019 and resigned on 9 February 2022
2.	Mr. Victor K. Lomaria	- Chief Executive Officer - Appointed on 1 September, 2016 and serving second term
3.	Ms. Cheryl Majiwa	- Alternate to the Cabinet Secretary, National Treasury – Re-appointed on 1 April, 2016 and term ended on 23 April 2022
4.	Mr. Abdalla C. Bii	- Alternate to the Secretary, National Commission for Science, Technology & Innovation – Re-appointed on 24 April, 2019 and term ended on 23 April 2022
5.	Mr. John K. Kenduiwo	- Representative of the University of Nairobi – Re-appointed on 24 April, 2019 and term ended on 23 April 2022
6.	Mr. Elyas Abdi	- Representative of the Ministry of Education – Re-appointed on 24 April, 2019 and term ended on 23 April 2022
7.	Mr. Sammy M. Chepkwony	- Member - Re-appointed on 24 April, 2019 and term ended on 23 April 2022
8.	Mr. Josephine Maangi	- Member - Re-appointed on 24 April, 2019 and term ended on 23 April 2022
9.	Mr. Nicholas Mac'Botongore	- Member - Re-appointed on 24 April, 2019 and term ended on 23 April 2022
10.	Mr. Martin M. Mburu	- Member - Re-appointed on 24 April, 2019 and term ended on 23 April 2022
11.	Prof. Winston J. Akala	- Member – Appointed on 24 April, 2019 and term ended on 23 April 2022
12.	Ms. Augusta M. Muthigani	- Member - Appointed on 24 April, 2019 and term ended on 23 April 2022

d) CORPORATE SECRETARY

CPA Victor Lomaria, OGW
P.O. Box 30022 - 00100, GPO
NAIROBI, KENYA.

e) REGISTERED OFFICE & CORPORATE HEADQUARTER

Kenya Literature Bureau Building
Bellevue Area, South C
KLB Road, off Popo Road, off Mombasa Road
P.O. Box 30022 – GPO 00100,
NAIROBI, KENYA

f) BRANCH

Sales and Customer Service Centre
KLB Building
Kijabe Street
P.O. Box 30022 – GPO 00100,
NAIROBI, KENYA

g) CORPORATE CONTACTS

Telephone: (254) 6005595, 020 - 3541196/7
(254) 0711 - 318188, 0732 - 344599
E-mail: info.klb.co.ke
Website: www.klb.co.ke

h) CORPORATE BANKERS

1. **Central Bank of Kenya**
   Haile Selassie Avenue
   P. O. Box 6000 – 00200, City Square
   City Square 00200
   NAIROBI, KENYA

2. **Kenya Commercial Bank Limited**
   Kencom House, Moi Avenue
   P.O. Box 30081 – 00100, GPO
   NAIROBI, KENYA

3. **National Bank of Kenya Limited**
   National Bank Building, Harambee Avenue
   P. O. Box 72866 – 00200, City Square
   NAIROBI, KENYA

4. **HF Group Limited**
Rehani House-Koinange St.
P.O Box 30088 – 00100,
NAIROBI, KENYA

i) INDEPENDENT AUDITORS

Auditor-General
Anniversary Towers, University Way
P.O. Box 30084 – 00100, GPO
NAIROBI, KENYA

j) PRINCIPAL LEGAL ADVISERS

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

II. THE BOARD OF DIRECTORS

DIRECTOR'S NAME	KEY QUALIFICATIONS AND EXPERIENCE
 1. **Hon. Amb. Francis S. K. Bayah, EBS** Chairman	Hon. Amb. Francis Bayah (68 years) is the Chairman of the Board of Management of Kenya Literature Bureau. He holds a Bachelor of Education Science degree from the University of Nairobi, Diploma in United Nations and International Understanding from the Institute of United Nations and UNESCO Studies in New Delhi – India, and a Post-Graduate Certificate in Development Economics from University of Michigan. He is a holder of Master of Business Administration (Strategic Management) from Mt. Kenya University and he is currently pursuing a PHD degree. He has extensive knowledge and experience in strategic management and administration having served as an Assistant Minister in the Ministry of State for Immigration and Registration of Persons, Kenya's High Commissioner to India, Permanent Secretary in the Ministry of Lands and Settlement and in the Ministry of Tourism and Information, and as a Member of Parliament for Ganze Constituency. Amb. Bayah also served in the Office of the President as the Provincial Commissioner (PC) of Coast, Western, Eastern and Rift Valley Provinces, District Commissioner (DC) in Nyanza and Rift Valley Provinces, and as District Officer (DO) in Laikipia, Turkana, Embu, Marsabit, Machakos, Taita-Taveta and Homabay. He is a recipient of Presidential Award, the Elder of Burning Spear (EBS), which is a State commendation given to persons who have served with distinction in their various spheres of influence. He was re-appointed to the position on 3 May 2019 and resigned on 9th February 2022.
	Mr. Victor Lomaria (53 years) is the Managing Director and Secretary to the Board of Kenya Literature Bureau. He holds a Master's in business administration (Finance) degree and a Bachelor of Commerce, both from the University of Nairobi. He is a Certified Public Accountant of Kenya, CPA (K). He has attended various courses and seminars in risk management, leadership, corporate governance, ethics and integrity training, credit management, ICPAK annual seminars and risk-based Information Technology audit. He is a member of the Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors (IAA). He previously served as the Chief Operating Officer (COO) at the Higher Education Loans Board (HELB) and as the chairman of Operations Committee of the

 **2. CPA Victor Lomaria, OGW** The Managing Director and Secretary to the Board of Management.	Association of Higher Education Financing Agencies (AHHEFA), a lobby that brings together 10 African countries to deliberate on higher education financing. He is a recipient of Presidential Award, the Order of the Grand Warrior (OGW), which is a State commendation given to persons in recognition of outstanding or distinguished services rendered to the nation in various capacities and responsibilities. He joined the Board on 1 September 2016 and is serving his second term.
 **3. Mr. Elyas Abdi** Alternate to the PS, Ministry of Education	Mr. Elyas Abdi is a Director General, Basic Education and represents he Principal Secretary, State Department of the Early and Basic education, Ministry of Education in the Board. He was re-appointed to the Board on 24 April 2019. He is a member of Operations & Strategy and Audit Risk Management & Compliance Committees. His term ended on 23 April 2022.
	Ms. Cheryl Majiwa (42 years) is the Alternate to the Cabinet Secretary of the National Treasury in the Board of Management as specified under the Kenya Literature Bureau Act, Cap 209. She holds a of Master of Business Administration (Strategic Management) degree from the University of Nairobi, Bachelor of Commerce (Accounting and Finance) degree from Strathmore University and is a Certified Public Accountant (CPA-K). She has attended various short-term senior management and corporate governance courses. She is an Investment Officer at the Department of Government Investment and Public Enterprises in the National Treasury. She previously worked as the Head of Accounting Unit and Administration in an advertising firm.

 **4. CPA Cheryl A. Majiwa** Alternate to Cabinet Secretary, National Treasury and Planning	She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Secretariat of the Public Accounting Standards Board (PASB). She joined the Board on 1st April 2016. She is a member of the Finance, Human Resources & General Purpose and Audit Risk Management & Compliance Committees. Her term ended on 23 April 2022.
 **5. Mr. Abdalla C. Bii** Representing the National Commission for Science, Technology and Innovation (NACOSTI)	Mr. Abdalla Bii (48 years) is representing the National Commission for Science, Technology and Innovation (NACOSTI) in the Board as specified in the Kenya Literature Bureau Act, Cap 209. He is the Alternate to the Secretary, National Commission for Science, Technology & Innovation. He was re-appointed to the Board on 24 April 2019 and is a member of the Finance, Human Resources & General Purpose and Operations & Strategy Committees. His term ended on 23 April 2022.
	Mr. John Kenduiwo (65 years) is representing the University of Nairobi in the Board as specified in the Kenya Literature Bureau Act, Cap 209. He holds a Master of Business Administration (MBA) in Operations Management degree and a Bachelor of Science (BSc) degree in Mechanical Engineering from the University of Nairobi. He is the Managing Director, University of Nairobi Enterprises and Services (UNES). He has previously worked as Deputy Managing Director of UNES, Dean of the School of Business at the University of Nairobi, Chairman, the Department of Management Science and as a Senior Lecturer in the Department of Management Science, Faculty of Commerce at

 **6. Mr. John Kenduiwo** Representative, University of Nairobi	the University. He is one of the pioneers of the Module II program in Kenya. In the academia, he has specialized in operations management and strategy, operations research, and competitiveness and improvement approaches. He has held various positions of leadership in the public and private sectors. He was re-appointed to the Board on 24 April 2019. He is a member of the Finance, Human Resources & General Purpose and Operations & Strategy Committees of the Board. His term ended on 23 April 2022.
 **7. Mrs. Josephine Maangi** Independent Director	Mrs. Josephine Maangi (58 years) is a holder of Global Executive Master's in Business Administration (MBA) from the United States International University, Bachelor of Laws (LL. B Hons) from University of Nairobi, and a Post Graduate Diploma in Laws from Kenya School of Law. She is an advocate of the High Court of Kenya and a Commissioner for Oaths and a Notary Public. She is currently a partner in Maangi & Associates Advocates. She was re-appointed to the Board on 24 April 2019 and is the Chairperson of the Operations & Strategy Committee and member of Audit and Risk Management Committee. Her term ended on 23 April 2022.
	Mr. Sammy Chepkwony (61 years) joined the Board on 1st April 2016. He holds a Bachelor of Business Management (BBM) degree in Micro-Enterprise from Moi University and a Diploma in Cooperative Management from the Cooperative College of Kenya. He previously served as a District Officer in the Office of the President, Assistant Cooperative Officer in the Ministry of Cooperative Development and as a Field Officer in charge of informal sector loans at Kenya Industrial Estates Limited. Mr. Chepkwony was re-appointed to the Board on 24 April 2019. He is the Chairman of the Audit and Risk Management and Compliance Committee and a member of the Operations and Strategy Committee. His term ended on 23 April 2022.

<table>
<tr><td>8. Mr. Sammy M. Chepkwony
Independent Director</td><td></td></tr>
<tr><td>
9. Mr. Nicholas Mac'Botongore
Representing Ministry of Labour and Social Protection</td><td>Mr. Nicholas Mac'Botongore (60 years) holds a Bachelor of Arts degree in Social Work from the University of Nairobi. He has a certificate in Strategic Leadership Development Program from the Kenya School of Government (KSG) and in Project Management from the Arhus Technical School in Denmark.
He is the Assistant Director for Social Development in the Ministry of Labour and Social Protection. He has previously served as the Project Manager, Central Kenya Dry Area Smallholder Community Development Project, Assistant Director of Gender and Social Development (ADGSD), Principal Gender and Social Development Officer (PGSDO), Chief Social Development Officer (CSDO), Senior Social Development Officer (SDO) and as Administrative Finance and Programme Officer at the National Coordinating Committee Secretariat for the 4th UN Conference on Women (Beijing Conference). He was re-appointed to the Board on 24 April 2019. His term ended on 23 April 2022.</td></tr>
<tr><td>
10. Mr. Martin Mburu
Independent Director</td><td>Mr. Martin Mburu (39 years) holds a Bachelor of Education (Special Education) and Linguistics degree from Kenyatta University. He is currently pursuing a Master's in counselling psychology at the United States International University, Kenya (USIU-K). He holds certificates in education and counselling from Alpha to Omega Learning Centre in Chennai, India and Tumaini Counselling and Seminar Centre.
He was previously, the head of Learning Support at Oshwal Academy, Nairobi and previously served as Special Education Teacher at Bright Hills Special School, Nairobi. He was re-appointed to the Board on 24 April 2019.

He is the Chairman, Finance, Human Resources & General Purpose Committee and a member of the Operations & Strategy Committee (formerly Technical Committee). His term ended on 23 April 2022.</td></tr>
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 **11. Prof. Winston Akala** Independent Director	Prof. Winston Akala (56 years) hold a Doctorate of Philosophy in Education (PHD Education. He is a member of Finance & Human Resources & General Purpose Committee. His term ended on 23 April 2022.
 **12. Ms. Augusta Muthigani** Independent Director	Ms. Augusta Muthigani (60 years) and holds a degree in Education. He is a member of Finance & Human Resources & General Purpose and Audit Risk Management & Compliance Committee. His term ended on 23 April 2022.

III. THE MANAGEMENT TEAM

MANAGEMENT TEAM	KEY QUALIFICATIONS AND EXPERIENCE
 **1. CPA, Victor Lomaria, OGW** Managing Director and the Secretary to the Board of Management	Mr. Victor Lomaria (53 years) is the Managing Director and Secretary to the Board. He holds a Master's in business administration (Finance) degree and a Bachelor of Commerce, both from the University of Nairobi. He is a Certified Public Accountant of Kenya, CPA (K). He has attended various courses and seminars in risk management, leadership, corporate governance, ethics and integrity training, credit management, ICPAK annual seminars and risk-based Information Technology audit. He is a member of the Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors (IAA). He previously served as the Chief Operating Officer (COO) at the Higher Education Loans Board (HELB) and as the chairman of Operations Committee of the Association of Higher Education Financing Agencies (AHHEFA), a lobby that brings together 10 African countries to deliberate on higher education financing. He is a recipient of Presidential Award, the Order of the Grand Warrior (OGW), which is a State commendation given to persons in recognition of outstanding or distinguished services rendered to the nation in various capacities and responsibilities. He joined the Board on 1 September 2016. His term was renewed with effect from 1st September 2019.
 **2. CPA, FA, Francis M. Mutunga** Ag. General Manager - Finance & Administration	Mr. Francis Mutunga (47 years) is the Acting General Manager Finance & Administration. He holds a Bachelor of Commerce degree (First Class Honours) and Diploma in Monitoring and Evaluation from Kenyatta University and Diploma in Marketing Management from the Kenya Institute of Management (KIM). He is a Certified Public Accountant CPA (K), Certified Investment and Financial Analyst (CIFA-K), Certified Pension Trustee from College of Insurance/Retirement Benefits Authority and a Certified ISO 9001:2015 Internal Auditor of the Kenya Bureau of Standards. He is also a member of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investments and Financial Analysts (ICIFA). He is currently pursuing Master of Business Administration (Finance) degree at Kenyatta University, Nairobi. Certified Pension Trustee from the College of Insurance/ Retirements Benefits Authority and ISO9001:2015 Quality Management System Internal Auditor of the Kenya Bureau of Standards. He is the Performance Contract Co-ordinator. He was appointed to the position on 1 June 2020.

 **3. Mr. Evans T. Nyachieng'a** Ag. General Manager - Commercial Services	Mr. Evans Nyachieng'a (55 years) is the Acting General Manager Commercial Services. He holds a Master's in business administration (Strategic Management) degree from Kenyatta University and a Bachelor of Arts degree from the University of Nairobi. He also holds a Higher Diploma in Human Resources Management (KNEC) from Railway Training Institute and is a member of the Institute of Human Resources Management (IHRM). He was appointed to the position on 1 June 2020.
 **4. Mr. Bernard O. Obura** Sales & Customer Service Branch Manager	Mr. Bernard Obura (47 years) is the Sales and Customer Service Branch Manager. He holds an Executive MBA (Strategic Management) degree from the Jomo Kenyatta University of Agriculture and Technology (JKUAT), and Bachelor of Arts (Mathematics) degree from the University of Nairobi. He also holds a Diploma in Marketing from the MSK-Kenya. He is a Council Member of the Marketing Society of Kenya (MSK) and has over 18 years' experience branding and sales and marketing. He was appointed to the position on 1 June 2020.
 **5. Mr. Job M. Idaki** Administration Manager	Mr. Job Idaki (54 years) is the Administration Manager. He holds a Bachelor of Education (Language and Literature) degree from Kenyatta University and a Higher Diploma in Human Resources Management (KNEC) from Railway Training Institute. He is currently in the final stages of completing his Master's in business administration (MBA) at the Strathmore School of Business (SBS). He is a certified ISO 9001:2008 Quality Management System series Lead Auditor and is a member of the Institute of Human Resources Management (IHRM). He was appointed to the position on 1 August 2014.
	Mr. Joseph Emojong (48 years) is the Production Manager at Kenya Literature Bureau. He holds a Bachelor of Science (Hons) degree in Graphic Media Studies (GMS) from Hertfordshire University, UK and a diploma in Printing

 **6. Mr. Joseph A. Emojong** Production Manager	Technology from the Kenya Polytechnic (now Technical University of Kenya). He was appointed to the position on 17 December 2015. He resigned from the position on 9th February 2022.
 **7. Mr. Jackson Musau** Ag. Production Manager	Mr. Jackson Musau (51 years) is the Ag. Production Manager at Kenya Literature Bureau with effect from March 2022. He holds a Bachelor of Science degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He holds a Post Graduate Diploma in Education form Kenyatta University and Master in Business Administration from University of Nairobi. He also from Africa Nazarene University. He was appointed to the position on 10th February 2022.
 **8. CHRP Roselyn W. Mugavana** Human Resources Manager	Mrs. Roselyn Mugavana (50 years) is the Human Resources Manager at Kenya Literature Bureau. She holds a Master of Business Administration (Human Resource Management) degree from the University of Nairobi and Bachelor of Education degree (English and Literature) from Egerton University. She is a Certified Human Resources Professional (CHRP, Kenya), Certified Human Resources Practitioner in good standing, Certified Pension Trustee from the College of Insurance/ Retirements Benefits Authority and ISO9001:2015 Quality Management System Internal Auditor of the Kenya Bureau of Standards. Mrs. Mugavana is a member of the Institute for Human Resources Management (IHRM), Kenya Institute of Supplies Management (KISM) Professional Trainers Association (PTA) and the Forum for African Women Educationalists (FAWE). She was appointed to the position on 17 December 2015.

 **9. CPA Julius K. Aritho** Internal Audit Manager	Mr. Julius Aritho (55 years) is the Internal Audit Manager at Kenya Literature Bureau. He holds a Master of Business Administration (Accounting Option) degree and Bachelor of Commerce (Accounting Option) degree, both from the University of Nairobi. He is a Certified Public Accountant CPA (K) and a Certified ISO9001:2015 Quality Management System Internal Auditor by the Kenya Bureau of Standards. He is member of the Institute of Certified Public Accountants of Kenya and was previously the ISO 9001:2008 Quality Management Representative at Kenya Literature Bureau. He was appointed to the position of Internal Audit Manager on 1 August 2013.
 **10. Mr. Kenneth Jumba** Publishing Manager	Mr Kenneth Nyabera Jumba (53 years) is a holder of Master of Philosophy in Geography and Bachelor of Arts degrees, both from Moi University. He also holds a Post-Graduate Diploma in Human Resources Management (KNEC) from the Railway training Institute. He has a wealth of experience in publishing spanning over 20 years during which time he attended various career developmental courses in publishing, management, leadership and good corporate governance. He was appointed to the position of Publishing Manager on 4 September 2017.
 **11. David Kimita** Ag. Sales & Marketing Manager	Mr. David Kimita (50 years) is the Acting Sales & Marketing Manager at Kenya Literature Bureau. He holds Bachelor of Education (Arts) degree and Diploma in Marketing both from the University of Nairobi. He also holds Masters in Business Administration (Strategic Management) from KCA University. He has a wealth of experience in sales and marketing in the publishing industry spanning for 17 years. He was appointed to the position on 1st June 2020.

IV. CHAIRMAN'S STATEMENT

I am pleased to present to you the Kenya Literature Bureau's Annual Report and Financial Statements for the financial year ended June 30, 2022 n behalf of the Board of Management.

Business Operating Environment

In the global arena, the World real Gross Domestic Product (GDP) grew by 5.9% in 2021, as compared to 3.1% in 2020. This was majorly attributed to the easing of the COVID-19 pandemic restrictions, which led to increased global trade and increased activities especially on industry and service sectors.

In the sub-Saharan Africa, the economy expanded by 3.7% in 2021, mainly due to favourable weather conditions in various countries. The East Africa Community economy expanded by 4.9% in 2021 as compared to 1% in 2020.

The global inflation rate settled at 4.3% in 2021 from 3.2% in 2020, mainly due to rise in prices of energy, agricultural commodities and supply chain disruptions. In Kenya the inflation increased marginally to 6.29% in June 2022 as compared to 6.11% in June 2021. The main contribution to the inflation was the rising costs of fuel and input prices.

In Kenya, the real Gross Domestic Product (GDP) rose to 7.5% in 2021 as compared to a contraction of 0.3% in 2020. The greatest contributors to the improved economic growth were education, accommodation and food service sectors, which had been adversely affected by the COVID-19 pandemic.

The manufacturing sector, where the Bureau plays a critical role, grew by 6.9% in 2021 in real value added as compared to a negative of 0.4 in 2020. The manufacturing sector share of GDP was 7.2% in 2021.

Activities and the successes during the year under review

We marked the second year of the implementation of the fourth cycle Strategic Plan 2020 – 2024. The Strategic Plan is premised on the four strategic pillars, namely, Financial Sustainability, Customer Centricity, Operational Efficiency and Organizational Capacity Development.

The implementation of the Strategic Plan has placed a solid foundation for *setting the pace in the publishing and printing industry* which is the overarching goal of the Bureau. The strategic plan has the objective of responding to the emerging technological advancements and unpredictable global business trends that have been experienced in the publishing and printing industry. We focus on our strategic mission of providing innovative and competitive publishing and printing solutions.

We continued to upskill its employees by providing sponsorship on some academic programmes which deal with the much-needed technical skills such as printing technology. Further, the Bureau implemented various training intervention programmes and sponsored staff to seminars, conferences, workshops, sensitization trainings among others. This was geared towards enabling the Bureau to meet its revenue and growth targets.

We also focused on strong brand focus, market expansion and the revamping our customer experience to deliver quality products and printing solutions to customers for business growth and improved shareholder value.

One of the major achievements, during the financial year was the successful advertisement and award of the tender for the procurement of new Binding and Trimming Line and Web Offset Printing Machine as part of the implementation of the Printing Press Modernization strategy, to boost efficiency in operations. The machines are now under manufacture and delivery is expected by December 2022. This milestone will certainly be a game changer in the printing industry and will immensely boost the internal printing capacity of the Bureau hence reducing on outsourced services.

We continued with the deployment of innovative technologies through the implementation of the in-house developed KLB e-book online store and Mobile application, which were launched in response to the adverse disruptions of the COVID-19 pandemic on education. The initiative has continued to generate revenue.

Stakeholder engagement and Corporate Social Investment

The Bureau continued with its focus to meet and exceed the stakeholder needs and expectations, having held various stakeholder engagement forums. The Bureau donated various books to school libraries hosting the less fortunate and marginalized societies throughout the country. It also donated books to Kenya Prisons Service to assist in the rehabilitative role and improve literacy of the inmates among others.

As part of the stakeholder engagement, the Bureau sponsored key stakeholder events (conferences, seminars, workshops e.t.c). These included the Ministry of Education (conferences requiring pooled resources), Kenya Primary Schools Heads Association (KEPSHA), Kenya Secondary Schools Primary School Heads Association (KESSHA), Kenya Private Schools Association (KPSA), Wildlife Clubs of Kenya (Art and Easy Competition) among others.

Challenges during the year under review

The year under review can be considered as a Post COVID-19 pandemic recovery year, coming immediately after major disruptions of businesses due to the emergence of Corona virus disease (COVID-19) pandemic reported in Kenya in March 2020. The pandemic had led to closure of learning and teaching institutions for the better part of 2020 and with cautious re-opening in 2021. This had indeed a significant negative impact on the Bureau market catchment area, being the learning and teaching institutions.

At the start of 2021, the business environment had remained sluggish, uncertain and unstainable. This greatly impacted on the level of achievement of the Strategic Plan objectives and targets for the Bureau. However, the Bureau reported improved performance as compared to that of the financial year 2020/2021.

Future Outlook

We remain optimistic that a conducive business operating environment will continue to exist, and that business recovery process will peak in the financial year 2022/2023 after the country held the general elections on 9th August 2022, billed to be one of the most peaceful.

We will align with the new Government policies and programmes, to ensure that the Bureau, reaps the maximum benefits, which will translate into increased stakeholder value. The current discourse on reforming the Competency Based Curriculum (CBC), will have an impact on the future of a greater market segment for which the Bureau has developed and distributed books. The Bureau will critically analyse the direction the Government policy on education is likely to tilt towards and offer the required support in the implementation of the same.

We will undertake the mid-term review of the Strategic Plan 2020 – 2024, to determine the milestones achieved, the challenges thereof and craft the way forward by making the required adjustments to the plan.

We will continue to implement solid and aggressive marketing strategies to boost and maximize the revenue generation. We will continue to offer high quality print solutions to individuals, private institutions and Government Ministries, Departments and Agencies (MDA's).

We will continually work with the Ministry of Education and the Kenya Institute of Curriculum Development (KICD) in ensuring learning materials are availed for the new CBC as well as those of the 8-4-4 system of education. We intend to enhance institutional printing capacity, and venture into production of branded exercise books. There is immense opportunity for growth of our business, and we will strategically position ourselves to expand our business in order to maximise shareholder value.

The Board of Management is committed to providing effective leadership in guiding the organisation towards greater prosperity and sustainability. To this end, Bureau has been implementing policies and programmes to enhance and maintain high standards of ethical behaviour in accordance with the Leadership and Integrity Act, 2012 as well as the Public Officer Ethics Act, 2007 among other laws and regulations.

Financial Results

The Bureau registered a pre-tax profit of Kshs. 136.8 Million in 2021/22 as compared to Kshs. 88.4 Million recorded the previous year. This was an impressive performance improvement of 55%, which indicates a positive recovery from the effects of COVID-19 pandemic.

The gross turnover was realised at Kshs. 2.68 Billion in 2021/22 as compared to Kshs. 1.54 Billion, which is a massive 73.4% performance improvement, mainly due to the easing of the COVID-19 pandemic restrictions and resumption of business operations.

Dividends

The Bureau is a commercially profitable government investment. We continue to meet our financial obligations to the shareholder and declared dividends based on the approved policy of ten (10) per cent on the after-tax net profits. The Bureau paid dividends amounting to Kshs. 14.99 Million for the year ended 30 June, 2020 based on the audited financial statements for the year 2019/2020. The Board declared a dividend of Kshs. 6.13 Million for the year 2020/21, whose payment is awaiting the finalization of the audit of the financial statements.

In the period under review, the Bureau has made provisions for dividend pay-out of Kshs 8.52 Million subject to withholding tax, where applicable, for the year ended June 30, 2022, representing a 39.1 per cent increase from the previous year.

Focus into the Future

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Appreciation

I sincerely wish to thank the Government of Kenya, the Ministry of Education, stakeholders, business partners, esteemed customers, my colleagues in the Board, Management and staff for their support and contribution to our business recovery, growth and success.

Victor Lomaria, OGW

MANAGING DIRECTOR/SECRETARY TO THE BOARD

FOR: CHAIRMAN, BOARD OF MANAGEMENT

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the Annual Report and Financial Statements for the financial year ended 30th June 2022, which provides a review of the Bureau's key operational performance and highlights of our strategic priorities. The financial year 2021/2022 is billed as the recovery year from the adverse effects of COVID-19 pandemic, which disrupted our lives, tested our resilience in the face of adversity and stunted the growth of the economy and businesses alike.

We have continued to develop learning and teaching materials to support the Government in the implementation of both the Competency Based Curriculum (CBC) and the outgoing 8-4-4 education system. The materials were submitted to Kenya Institute of Curriculum Development (KICD) for evaluation and approval.

We continue to build strong stakeholder networks and partnerships with the Ministry of Education, Kenya Institute of Curriculum Development (KICD), County Governments, National Government Constituency development Fund (NG-CDF), booksellers and other stakeholders including Kenya Primary Schools Heads Association (KEPSHA), Kenya Secondary Schools Primary School Heads Association (KESSHA), Kenya Private Schools Association (KPSA) among others.

Corporate Strategy Plan

We are implementing the fourth cycle Strategic Plan 2020-2024, which was in the financial year 2020/2021. The development and implementation of this Strategic Plan has mainly been influenced by the ever-changing business operating environment and our desire to be a publisher and printer of choice.

Our mandate is to support the Ministry of Education in the provision of quality learning and teaching materials to towards the achievement of the National Goals of Education. We as a state-owned and the largest textbook publisher in the country, is a critical player in supporting and meeting the growing need for instructional materials in institutions of learning and teaching. The Strategic Plan was premised on four strategic pillars, namely, Financial Sustainability, Customer Centricity, Operational Efficiency and Organizational Capacity Development.

We continue to diversify our business, expand our markets and clientele, pursue various initiatives aimed at achieving the objectives set in the Strategic Plan 2020-2024.

The Strategic Plan has captured initiatives that are responding well to the emerging technological advancements and unpredictable global business trends that have been experienced in the publishing and printing industry. We focus on strengthening our regional footprint as a leading publishing and printing house. This is also in line with our strategic mission of providing innovative and competitive publishing and printing solutions.

During the year under review, the Bureau crafted and implemented the Post COVID-19 pandemic recovery strategies to build on the Business Continuity Plan that was in force during the COVID-19 period. The Bureau's financial performance has been adequately resilient and has registered remarkable growth as compared to the performance of the financial year 2020/2021. This has been made possible through the execution of the revenue growth strategies and initiatives, increased focus on containment and management of operational costs, enhanced production efficiency and waste reduction. The Bureau desires to continue implementing the formulated strategies to attain even higher improved financial performance, service delivery and enhanced shareholder value.

We have enhanced our commitment towards supporting the Government of Kenya in its educational reform programs through the development, marketing and distribution of Competency Based Curriculum (CBC)materials throughout the country and strengthening our regional footprint as a leading publishing and printing house.

We continue to invest in human capital to boost capacity building, to improve the staff knowledge, skills and competences, motivation, attraction and retention. We continue to promote the entrenched a customer-centric culture and preventive maintenance culture in order to improve efficiency and output in all areas of our business. Our employees are committed to excellence in performance, service delivery, innovation and productivity.

In the financial year 2021/2022, we consider one of the major achievements, as the successful advertisement and award of the tender for the procurement of new Binding and Trimming Line and Web Offset Printing Machine as part of the implementation of the Printing Press Modernization strategy, to boost efficiency in operations. The machines are now under manufacture and delivery is expected by December 2022. This milestone will certainly be a game changer in the printing industry and will immensely boost the internal printing capacity of the Bureau hence reducing on outsourced services.

Another major achievement is the publishing, printing and distribution of the Early Year Education (EYE) books for grade 1 to 3 and the Tayari Series for Pre-primary 1 and 2, which are now under the ambit of the Bureau's range of product. This has in itself led to rise in market share.

We continued with the deployment of innovative technologies through the implementation of the in-house developed KLB e-book online store and Mobile application, which were launched in response to the adverse disruptions of the COVID-19 pandemic on education. The initiative has continued to generate revenue.

Operating Environment

In the global economy, the World real Gross Domestic Product (GDP) grew by 5.9% in 2021, as compared to 3.1% in 2020. This was majorly attributed to the easing of the COVID-19 pandemic restrictions, which led to increased global trade and increased activities especially on industry and service sectors.

In the sub-Saharan Africa, the economy expanded by 3.7% in 2021, mainly due to favourable weather conditions in various countries. The East Africa Community economy expanded by 4.9% in 2021 as compared to 1% in 2020.

The global inflation rate settled at 4.3% in 2021 from 3.2% in 2020, mainly due to rise in prices of energy, agricultural commodities, and supply chain disruptions. In Kenya the inflation increased marginally to 6.29% in June 2022 as compared to 6.11% in June 2021. The main contribution to the inflation was the rising costs of fuel and input prices.

In Kenya, the real Gross Domestic Product (GDP) rose to 7.5% in 2021 as compared to a contraction of 0.3% in 2020. The greatest contributors to the improved economic growth were education, accommodation and food service sectors, which had been adversely affected by the COVID-19 pandemic.

The manufacturing sector, where the Bureau plays a critical role, grew by 6.9% in 2021 in real value added as compared to a negative of 0.4 in 2020. The manufacturing sector share of GDP was 7.2% in 2021.

Challenges during the year under review

We can consider the year under review as a Post COVID-19 pandemic recovery year, coming immediately after major disruptions of businesses due to the emergence of Corona virus disease (COVID-19) pandemic reported in Kenya in March 2020. The pandemic had led to closure of learning and teaching institutions for the better part of 2020 and with cautious re-opening in 2021. This had indeed a significant negative impact on the Bureau market catchment area, being the learning and teaching institutions.

In the year 2021, the business environment had started off sluggishly with uncertainty. This greatly impacted on the level of achievement of the Strategic Plan objectives and targets for the Bureau. However, in the financial year 2021/22, we reported improvement in the financial performance as compared to that of the financial year 2020/2021.

Financial Results

The gross turnover was realised at Kshs. 2.68 Billion in 2021/22 as compared to Kshs. 1.54 Billion, which is a massive 73.4% performance improvement, mainly due to the easing of the COVID-19 pandemic restrictions and resumption of business operations.

We registered a gross profit of Kshs. 1.138 Billion in FY 2021/22 as compared with Kshs. 709.13 Million in FY 2020/21. This represented a growth of 60.5%, reflecting the recovery trajectory in revenues. Other revenues grew to Kshs. 60.9 Million as compared to Kshs. 17.7 Million resulting in an impressive growth of 245%. The total revenues (appropriations in aid) amounted to Kshs. 2.78 Billion in FY 2021/2022 as compared to Kshs. 1.54 Billion in FY 2020/21, representing a growth of 73.4%.

The operating expenses amounted to Kshs. 1.062 Billion as compared to Kshs. 638.4 Million, out of which Kshs. 409.8 Million representing 46.3% was trade discounts allowed to customers. The operating expenses grew by 66.9% reflecting the increased volume of production and revenue generation activities during the year. The total costs amounted to Kshs. 2.6 Billion as compared to Kshs. 1.47 Billion in FY 2020/21, representing a 76.6% increase, mainly due to the increased volume of production and revenue activities and the rise in prices of production and operational inputs.

The Bureau registered a pre-tax profit of Kshs. 136.8 Million in 2021/22 as compared to Kshs. 88.4 Million recorded the previous year. This was an impressive performance improvement of 55%, which indicates a positive recovery from the effects of COVID-19 pandemic.

As at the end of the financial year 2021/2022, the Bureau's net asset worth closed at Kshs. 4.35 Billion as compared to Kshs. 4.28 Billion in the year 2020/21, representing a growth of 1.8%. The non-current assets amounted to Kshs. 1.6 Billion as compared to Kshs. 1.5 Billion the previous year. The current assets grew to Kshs.

4.41 Billion as compared to Kshs. 3.8 Billion in FY 2020/21. The liabilities grew to Kshs. 1.66 Billion from Kshs. 1.02 Billion in FY 2020/21 representing 62.7% due to the increased production and revenue generation activities.

The Bureau has over the years maintained a solid financial position with acid test ratio being 1.7 times, which indicates the extent to which the liquid assets can cover the current liabilities. The Bureau closed the financial year with a cash and cash equivalents of Kshs. 1.15 Billion in FY 2021/22 as compared to Kshs. 598.7 Million in FY 2020/21.

Dividends

The Bureau being a commercial state corporation has been over time maintained its status as a profitable government investment, operating with internally generated funds since 1993 and declaring dividend on a yearly basis, in addition to the great contribution the country's tax revenue.

We continue to meet our financial obligations to the shareholder and declared dividends based on the approved policy of ten (10) per cent on the after-tax net profits. The Bureau paid dividends amounting to Kshs. 14.99 Million for the year ended 30 June, 2020 based on the audited financial statements for the year 2019/2020. The Board declared a dividend of Kshs. 6.13 Million for the year 2020/21, whose payment is awaiting the finalization of the audit of the financial statements.

In the period under review, the Bureau has made provisions for dividend pay-out of Kshs 8.52 Million subject to withholding tax, where applicable, for the year ended June 30, 2022, representing a 39.1 per cent increase from the previous year.

Appreciation

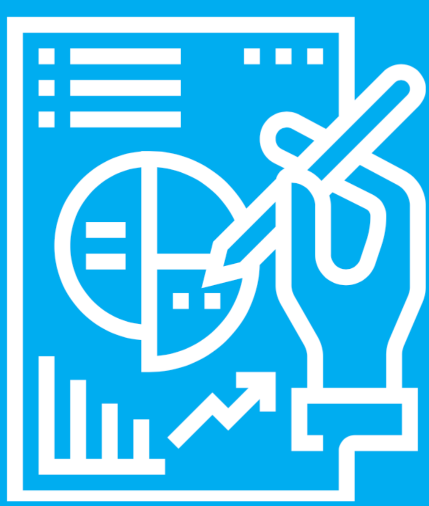
Finally, may I take this opportunity to sincerely thank the Government of Kenya (GoK), through the Ministry of Education, the Board, our stakeholders, management and staff whose valued contribution, support and commitment has significantly led to the impressive financial performance, despite the business disruptions experienced in the previous year.

CPA Victor Lomaria, OGW
MANAGING DIRECTOR

STRATEGIC OBJECTIVES 2020-2024

To grow projected gross revenue from Kshs 2.718 billion in 2020/21 to Kshs 3.198 billion in 2024/25 (17.67% growth) over the plan period.

To increase customer satisfaction from 80% in 2020 to 83% by 2024.



To improve total operational efficiency from 1.177 in 2020/2021 to 1.283 in 2024/25 reduce total cost to total revenue from 83 % in 2019/20 to 78 % in 2024/25.

To enhance average employee productivity from Kshs 13,389,000 in 2020/21 to Kshs 14,341,000 in 2024/25 (2% growth) over the plan period.

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

We operate within a framework of four (4) strategic pillars and objectives under the approved Strategic Plan for the FY 2020/21- FY 2024/25. These strategic pillars/ themes/ issues are including:

Pillar 1: Financial Sustainability, which entails promoting revenue growth and cost reduction and management to enhance organizational sustainability.
Pillar 2: Customer Centricity, which entails focus on the needs and expectations of the customer/citizen and other stakeholders.
Pillar 3: Operational Efficiency, which entails enhanced operational efficiency in service delivery processes and procedures leading to operational effectiveness.
Pillar 4: Organizational Capacity Development, which entails the programmes and projects that promote the employee and organization capacity to efficient service delivery.

The Bureau developed its annual work plans based on the above four (4) pillars/Themes/Issues. The assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Bureau achieved its performance targets set for the FY 2021/2022 period under its four strategic pillars, as detailed in the diagram below:

STRATEGIC PILLAR 1: FINANCIAL SUSTAINABILITY					
Strategic Objective: To grow projected gross revenue from Kshs 2.718 Billion in 2020/2021 to Kshs 3.198 Billion in 2024/2025 (17.67% growth)					
The following activities were partially achieved or not achieved at all under this pillar					
No.	**Strategic Initiatives**	**Annual Target 2021-2022 (Kshs.)**	**Actual Achievement**	**Variance (Kshs.)**	**Challenges (2021-2022)**

			2021-2022 (Kshs.)		
1	Revenue from sale of books to Government run public schools	1,618,700,000	1,141,524,776	(477,175,224)	**The lower than targeted sales was due to the pending of targeted distribution of GOK books by Ministry of Education.**
2.	Revenue from sale of books to the open market	1,982,629,923	1,146,796,420	(835,833,503)	**This was due to the challenges of the post-COVID business prospects, which grew slower than targeted.**
3.	Revenue from print sales	737,942,744	198,992,498	(538,950,246)	**The lower print sales resulted from the implementation of austerity measures by Government Agencies, which resulted into lower than targeted prospects.**
4.	Revenue from alternative revenue streams and other income	6,670,000	9,355,754	2,685,754	**The favourable variance emanated from increased miscellaneous income from sale of waste and recyclable materials.**
5.	Invest funds in high yielding securities	**40,000,000**	**51,513,444**	**11,513,444**	**The favourable variance resulted from competitive negotiations on the interest rates on investments and increased stock of the short-term investments.**
		4,385,942,667	**2,548,182,892**	**(1,837,759,775)**	**Overall, the revenue was below the**

	GRAND TOTAL				**targeted levels mainly due to the lower-than-expected sales to GOK, print sales and open market turnover.**
STRATEGIC PILLAR 2: CUSTOMER CENTRICITY					
Strategic Objective: To increase customer satisfaction from 81% in 2019/2020 to 83% by 2024/2025					
The following activities were partially achieved or not achieved at all under this pillar					
No.	**Strategy**	**Strategic Initiatives**	**Key Performance Indicator/ Output**	**Annual target 2021-2022**	**Actual Performance 2021-2022**
2.1	Increase customer satisfaction level	Conduct customer satisfaction surveys and implement findings	**i)** Number of customer satisfaction survey report	1	**1**
			ii) Percentage of implementation of findings	100%	**100%**
			iii) Percentage growth in level of customer satisfaction	1%	**1%**
2.2	Ensure product and service availability	**a)** Maintain adequate book stock levels	**i)** Percentage availability of books – Number of Meetings	100%	**100%**
		b) Maintain adequate raw material stock	**ii)** Percentage availability of raw materials	100%	**100%**
		c) Develop and publish new books and other publications	**iii)** Number of new titles developed	250	**399**
		d) Processing of unsolicited manuscripts	Number of manuscripts processed	150	**270**
		e) Conversion of book titles to digital formats - eBooks	Number of titles converted into e-books	200	**278**
2.3	Diversification of Products and services	Design and develop alternative products and services	Number of new products	3	**2**
			Number of new services	1	**2**
2.4	Timely delivery of products and	**a)** Design and implement effective	Number of delivery channels established	2	**3**

	services		delivery channels			
		b)	Process and respond to customers'/clients' enquiries promptly	Turnaround time (Hours)	12	**12**
		c)	Process and deliver customer order for finished products within Nairobi	Turnaround time (Hours)	24	**24**
		d)	Process and deliver customer order for finished products outside Nairobi	Turnaround time (Hours)	24	**24**
		e)	Process and deliver of customized products and services promptly	Turnaround time (days)	7	**7**
2.5	Improve Customer Experience	**a)**	Automate Customer Relationship Management system	Percentage rate of implementation	100 %	**Rescheduled**
		b)	Review and implement Customer Service Charter	No. of revised Service Charter	1	**1**
				Percentage of implementation	100 %	**100%**
		c)	Design and implement stakeholder engagement activities	Number of stakeholder engagements conducted	3	**3**
2.6	Improve quality of products and services	**a)**	Undertake quality and content assurance on books submitted to KICD for approval	Percentage rate of book approval	100 %	**100%**
		b)	Undertake inspection of raw materials for quality	Number of quality inspection reports	4	**4**
		c)	Undertake inspection of service rendered for quality	Number of quality inspection reports	4	**4**
		d)	Undertake inspection of finished products (Internal and external supply for quality standards)	Number of quality inspection reports	4	**4**
		e)	Undertake Supplier Performance Evaluation	Number of Suppliers evaluated	1	**1**

			Number of Supplier performance evaluation reports	1	**1**
2.7	Improve Corporate image	a) Carry out corporate brand audit	Number of brand audits reports	1	**1**
		b) Implement the findings	Percentage rate of implementation	**N/A**	**N/A**
		c) Undertake corporate awareness campaigns on social and mainstream media	Number of corporate awareness campaigns undertaken	5	**5**
			Percentage rate of implementation	100 %	**100%**
		d) Build strategic media relationships for positive PR	Number of CEO and top management media interviews	3	**3**
		e) Undertake Corporate Social Value programs	Number of programs undertaken	3	**2**
STRATEGIC PILLAR 3: OPERATIONAL EFFICIENCY AND EFFECTIVENESS					
Strategic Objective: To improve total operational efficiency and effectiveness from 1.77 in 2020/2021 to 1.283 in 2024/2025(reduce total costs/total revenue from 83% in 2020/2021 to 78% in 2024/2025)					
The following activities were partially achieved or not achieved at all under this pillar					
No.	**Strategy**	**Strategic Initiatives**	**Key Performance Indicator/ Output**	**Target FY 2021/2022**	**Actual Performance 2021-2022**
3.1	Business process Re-engineering Planning Assumptions	a) Carry out comprehensive process mapping	Percentage of completion	100%	**100%**
		b) Acquire and maintain ISO 27001:2013 certification	No. of ISO 27001:2013 system	1	**1**
			Percentage rate of implementation	75%	**75%**
		c) Maintain 9001:2015 certification	Number of compliant surveillance reports	2	**2**
3.2	Integrate ICT in key business processes and systems	**a)** Carry out ICT computing needs and implement findings	Number of processes integrated	1	**1**
			Percentage rate of implementation	100%	**100%**
		b) Acquire and Install an Integrated ICT Infrastructure	Number of systems installed and integrated	10	**10**

			Percentage rate of integration	100 %	**100%**
3.3	Improve printing press capacity utilization	**a)** Increase machine capacity utilization	Percentage rate of capacity utilization	3.4%	**3.4%**
		b) Increase machine quality performance	Percentage overall equipment effectiveness (OEE)	0.78 %	**0.78%**
STRATEGIC PILLAR 4: ORGANIZATIONAL CAPACITY DEVELOPMENT					
Strategic Objective: To enhance average employee productivity from Kshs 13,389,000 in 2020/2021 to Kshs 14,341,000 per employee by 2024/2025 (7.1% growth)					
The following activities were partially achieved or not achieved at all under this pillar					
No.	**Strategy**	**Strategy Initiatives**	**Key Performance Indicator/ Output**	**Targeted Performance 2021-2022**	**Actual Performance 2021-2022**
4.1	Strengthen Human resource management planning	a) Undertake recruitment and placement of qualified staff	Number of staff recruited	**10**	**10**
		b) Design and implement effective succession managementplan	Number of succession plans	**1**	**1**
			Level of implementation	100%	**100%**
		c) Develop and implement training plan	Number of Training plan	**1**	**1**
			Percentage rate of implementation	100%	**100%**
4.2	Improve employee welfare	a) Design and implement competitive employees' compensation structure	Percentage of implementation	**100%**	**100%**
			Turnaround time (Years)	**1**	**1**
		b) Undertake annual work environment survey and implement findings	Number of survey reports	**1**	**1**

			Percentage of implementation	**100%**	**100%**
4.3	Strengthen performance management system	a) Automate and implement performance management system	Percentage rate of implementation	0	**0**
		b) Implement performance contracting system	Number of quarterly reports	4	**4**
			Composite score for 2020/2021 (Adverse effects of COVID-19)	2.5	**3.7143**
		c) Initiate the re-categorization of KLB to E2	Level of categorization	E2	**E2**
4.4	Strengthen corporate governance	*a)* Implement the *Mwongozo* Code of Corporate Governance	Number of Board trainings	1	**1**
			Number of Legal audit reports	1	**1**
			Percentage implementation of *Mwongozo Code of Governance*	100%	**100%**
		b) Review and implement the Board Charters	Percentage of implementation	100%	**100%**
			Number of Board charters reviewed	4	**4**
		c) Develop and implement the Board Work Plans	Number of approved board work plans	1	**1**
			Percentage rate of implementation of Board work plans	100%	**100%**
			Number of Board Meetings	4	**4**
			Number of Board evaluation reports	1	**1**
		d) Review and implement the KLB Act CAP 209	Percentage of implementation	80%	**80%**

			Turnaround time (Months)	12	**12**
		e) Comply with the constitution of Kenya and other laws	Percentage of Compliance	100%	**100%**
		f) Develop and implement procurement plans	Number of procurement plans	1	**1**
		g) Implement the Corruption prevention plan (CPP)	Number of quarterly implementation reports	4	**4**
4.5	Organizational capacity enhancement	a) Increase printing capacity	No of machines procured and installed	2	**2**
		b) Increase book production volumes	Number of books printed	6,500 ,000	**11,8793,000**
		c) Enhance fleet capacity	Number of vehicles procured	2	**2**
			Number of vehicles disposed off	1	**1**
			Reports on the implementation of the fleet management plan	1	**1**
		d) Procure office equipment	Number of office equipment procured	8	**8**
		e) Procure office furniture	Number of furniture procured	20	**20**
		f) Procure ICT hardware	Number of ICT hardware procured	10	**10**
		g) Dispose idle assets	Percentage of disposal of idle assets	100%	**100%**
4.6	Develop and implement Enterprise Risk Management (ERM) Framework	Develop and implement an ERM policy	Number of ERM policy developed and approved	N/A	**N/A**
			Level of implementation	**N/A**	**N/A**
4.7	Design and implement Strategy Monitoring and	**a)** Develop the annual corporate work plan	Number of Corporate work plans	1	**1**

	Evaluation framework				
		b) Develop and implement a Monitoring and Evaluation (M&E) framework	Number of monitoring and evaluation (M & E) tools	1	**1**
			Number of quarterly M&E Reports	4	**4**
			Level of implementation	100%	**100%**
			Carryout Mid Term Review of the SP	**1**	**1**

The Strategic Plan activities for year 2021/22 were captured in the Performance Contract for FY 2021/22 and were cascaded to all the cadres of staff through the Performance Management System.

VII. CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the structure of the rules, practices and processes used to direct and manage an organization. In the Bureau Corporate Governance has been entrenched through various instruments. It has provided the framework for the attainment of the Bureau's strategic objectives in a globally dynamic business environment. The Bureau has continually operated within corporate governance principles that serve to balance the interest of various stakeholders. Corporate governance encompasses all spheres of management from the strategic initiatives to performance management and corporate disclosure.

The Board and Management of the Bureau recognises and embraces the basic principles of corporate governance which include accountability, transparency, fairness and responsibility. This promotes the enhancement and protection of the shareholder value, continued sustainability, and enhanced promotion of a knowledgeable and inspired society.

The Board of Management acknowledges the significant role of the good corporate governance practices and has committed itself to maximise shareholder value in a lawful, ethical and sustainable manner guided by the *State Corporations Act Cap 446*, *Leadership and Integrity Act 2012*, *Public Officers Ethics Act 2003, Kenya Literature Bureau Act Cap 209* and *Mwongozo Code of Governance for State Corporations*. This entails the continuous review and improvement on the processes and structures used to direct and manage the business affairs of the Bureau, the framework for internal controls and the respective roles of individual Board Members and Management.

a) BOARD AND COMMITTEE CHARTERS

The Board and its constituent committee have approved Board Charters that guides the conduct of meetings and other deliberations of the Board and the committees. The Board provides leadership, integrity, enterprise and good judgement in directing the Bureau and acts in the best interest of the business for continued viability and sustainability. The Board of Management confirms that the approved existing Board Charter and their respective Board Committee Charters have been aligned to the provisions of the *Mwongozo Code of Governance for State Corporations* and other related laws or statutes.

b) THE COMPOSITION OF THE BOARD OF MANAGEMENT

The Board of Management comprises twelve [12] members; the Chairman, Managing Director, five [5] independent directors and five [5] directors representing various governmental agencies as per the Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2012).

As the practice dictates, the Board is generally constituted taking into account sector requirements, age, gender, diversity of skills, academic qualifications and experience needed to help the Bureau achieve its goals and objectives. Five (5) of the members of the Board, including the Chairman, are independent. The areas of expertise of the members, who served during the financial year, are as follows:

Names of Board Members and their areas of expertise

	NAME	AREA OF EXPERTISE
1.	Hon. Amb. Francis Bayah, EBS	Public Administration and Education
2.	CPA, Victor Lomaria, OGW	Accounting, Investment and Financial Management
3.	CPA, Cheryl Majiwa	Accounting, Investment and Financial Management
4.	Mr. Abdalla Bii	Legal Jurisprudence
5.	Mr. John Kenduiwo	Mechanical Engineering, Strategic Operations Management, Business Process Engineering and Teaching

6.	Mr. Sammy Chepkwony	Business Administration, Entrepreneurship, Co-operative Management and Public Administration
7.	Mrs. Josephine Maangi	Legal Jurisprudence and Business Administration
8.	Mr.Nicholas Mac'Botongore	Education, Social Development and Administration
9.	Mr. Martin Mburu	Special Education and Administration
10.	Mr. Elyas Abdi	Education and Administration
11.	Prof. Winston J. Akala	Education and Administration
12.	Ms. Augusta M. Muthigani	Education and Administration

c) APPOINTMENT AND REMOVAL OF BOARD MEMBERS

The Board of Management of the Bureau is constituted as per the provisions of Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2012) and as per the State Corporations Act. The appointing authority in case of the Chairman, the President of the Republic of Kenya, while Board members are appointed by the Cabinet Secretary in charge of Education.

The removal of the Board members is also guided by the provisions of Kenya Literature Bureau Act Cap 209 of 1980 (Revised 2012), the State Corporations Act and the Provisions of the *Mwongozo Code of State Corporations.*

d) THE ROLES AND FUNCTIONS OF THE BOARD

The Board of Management provides leadership and strategic direction of the Bureau. The main responsibilities of the Board include:

i) Establishment of the short and long-term goals of the Bureau and strategic plans to achieve those goals;

ii) Approval and review of annual budgets;

iii) Risk management and compliance by ensuring adequate systems of internal controls are in place to ensure business continuity;

iv) Review of financial performance, expenditure and commitments;

v) Setting and periodically reviewing organisational key performance indicators as well as management performance; and

vi) Supporting management to enhance shareholder value.

To effectively discharge these roles, the Board of Management has full access to the Managing Director and to relevant company information. The existing regulatory instruments also allow them to seek independent professional advice on the Bureau's matters, where necessary, at the expense of the Bureau.

e) ROLE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The primary role of the Chairman is to provide strategic leadership to the Board. He chairs Board meetings ensuring meetings are properly conducted and orderly, fair decisions are made, sufficient information to discharge its duties are made available and generally, enables effective management of the Board. The Managing Director, on the other hand, is the responsible for the day-to-day management of the Bureau.

f) SUCCESSION PLAN

The Bureau has an established a well thought out succession plan aimed at ensuring business continuity at all levels of the Board and Management. The terms of the members of the Board of Management are scheduled to end at different times to guarantee continuity.

g) BOARD INDUCTION AND TRAINING

The Bureau conducts an annual and rotational Board Induction and Training for its Board members to arm them with knowledge and skills required to execute their Board roles including the committee functions. The training covers the functions, powers, responsibilities and operations of the board of management and includes corporate governance among others.

h) BOARD AND MEMBER PERFORMANCE EVALUATION

The Board conducts an annual evaluation coordinated by the State Corporations Advisory Committee (SCAC) to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman by the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. The Bureau conducts the Board meetings either in person or virtual basis. Due to the COVID-19 pandemic, the Board of Management has been conducting its meetings including Performance Evaluation through the online platforms, where evaluation results are reported and analysed on a real-time basis.

i) BOARD MEETINGS AND ATTENDANCE

i) FULL BOARD OF MANAGEMENT

The Full Board of Management meets at least once in a quarter or more depending on the requirements of the business and in compliance with the Government guidelines on such meetings. The Board has a formal schedule of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making and in compliance with the *Mwongozo Code of Governance for State Corporations*.

The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication. The Board has an opportunity to meet with all the Bureau's staff in December of each year during the end of year luncheon.

The Board held a total of seven (7) meetings (including special meetings) during the year under review, which were well attended as detailed below:

Full Board meeting membership attendance

NO.	NAME	POSITION	BOARD MEETINGS (SEVEN MEETINGS)
1.	Hon. Amb. Francis S. K. Bayah	Chairman	6/7
2.	Cheryl Majiwa	Alternate, CS National Treasury	7/7
3.	Abdallah Bii	Representing National Commission for Science, Technology & Innovation	7/7
4.	John Kenduiwo	Representing the University of Nairobi	7/7

5.	Nicholas Mac'Botongore	Representing Ministry of Labour, Social Security & Services	7/7
6.	Elyas Abdi	Representing Ministry of Education	5/7
7.	Sammy M. Chepkwony	Member	7/7
8.	Martin Mburu	Member	7/7
9.	Josephine Maangi	Member	7/7
10.	Ms. Augusta M. Muthigani	Member	6/7
11.	Prof. Winston J. Akala	Member	6/7
12.	Victor Lomaria	Managing Director	7/7

j)BOARD COMMITTEES

The Board has three standing committees with specific delegated authorities and terms of reference. They assist in effectively discharging various business functions and responsibilities and submit reports of their activities to the Board. These committees of the Board are:

a) Audit and Risk Management and Compliance Committee

b) Finance Human Resources and General Purpose Committee

c) Operation & Strategy Committee

The Board Committees meet at least on quarterly basis. The Managing Director is a member of the Board and the Secretary to all Board Committees, with granted powers to delegate the same to members of Senior Management except the Audit, Risk Management and Compliance Committee, where the Internal Audit Manager is the Secretary.

k) BOARD COMMITTEES' MEMBERSHIP FOR FY 2021/22

During the year, the Board has the following committees whose membership was as follows:

NO.	NAME	BOARD POSITION	BOARD COMMITTEES

			FINANCE, HR AND GENERAL PURPOSE	AUDIT, RISK MANAGEMNT AND COMPLIANCE	OPERATION & STRATEGIC COMMITTEE
1.	Hon. Amb. Francis Bayah	Chairman	-	-	-
2.	Ms. Cheryl Majiwa	Alternate to the CS, National Treasury and Planning	✓	✓	-
3.	Mr. Abdalla Bii	Representative, National Commission for Science, Technology and Innovation (NACOSTI)	✓	-	✓
4.	Mr. John Kenduiwo	Representative, the University of Nairobi	✓	-	✓
5.	Mr. Sammy Chepkwony	Member	-	✓ (Chair)	✓
6.	Mrs. Josephine Maangi	Member	✓	-	✓ (Chair)
7.	Mr. Nicholas Mac'Botongore	Representative, the Principal Secretary, Ministry of Labour and Social Protection	-	✓	✓
8.	Mr. Martin Mburu	Member	✓ (Ch air)	-	✓
10.	Mr. Elyas Abdi	Representative, the Principal Secretary, State Department of Early and Basic education, Ministry of Education	-	✓	✓
11.	Ms. Augusta M. Muthigani	Member	-	✓	✓
12.	Prof. Winston J. Akala	Member	✓	-	-
13.	Mr. Victor Lomaria	Managing Director/Secretary to the Board	✓	✓ (standing invitation)	✓

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit and Risk Management Committee's mandate is to ensure KLB assets are safeguarded and continually evaluate the effectiveness of the internal control system. The Committee reports directly to the Board of Management. It is charged with the following responsibilities:

(i) Evaluating the scope, nature and priorities of audit, risk management and compliance.

(ii) Reviewing aspects relevant to governance, internal control procedures, risk management and internal audit.
(iii) Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organization.
(iv) Consideration of audit findings of the internal auditor and management's response.
(v) Consideration of major findings and recommendations of external auditors in their Management Letter and management's response.
(vi) Reviewing the function, independence, operations and findings of the Internal Audit department.
(vii) Reviewing risks affecting the Bureau and management strategies in addressing them;
(viii) Ensuring adherence to the code of ethics; and
(ix) Such other duties or function as may be assigned by the Board which are relevant to audit and investigations.

The Committee held four meetings during the year under review as tabulated below;

NO.	NAME	POSITION	ATTENDANCE
1.	Mr. Sammy Chepkwony	Chairman	4/4
2.	Mrs. Cheryl Majiwa	Member	4/4
3.	Ms. Augusta M. Muthigani	Member	4/4
4.	Mr. Nicholas Mac'Botongore	Member	4/4
5.	Mr. Elyas Abdi	Member	4/4
6.	Mr. Victor K. Lomaria*	Managing Director	4/4
7.	Mr. Julius K. Aritho*	Internal Audit Manager, Secretary to the Committee	4/4

*In-attendance

FINANCE, HUMAN RESOURCES AND GENERAL PURPOSE COMMITTEE

The mandate of the Finance, Human Resource and General Purpose Committee is to provide guidance to the Board of Management in fulfiling its oversight responsibilities for fiscal planning and control, financial reporting, human resources management, supply chain processes, corporate communications, legal and adminitrative functions of the Bureau. The Committee is charged with the responsibility of considering and making recommendations to the Board on the following:

(i) Bureau's budget and financial resources.
(ii) Major resource allocations and capital investments.

(iii) Adherence to procurement laws to ensure processes are cost effective and delivers value for money.

(iv) Operating financial results of the organization.

(v) Organization structure, assignment of senior management responsibilities, their career development and succession.

(vi) Remuneration structure for staff.

(vii) Human Resources Policies.

(viii) Corporate social responsibility (CSR) and environmental stewardship programmes.

(ix) Compliance with the Constitution of Kenya, all applicable laws, regulations, standards and government directives.

(x) Compliance with the organization's Code of Conduct, ethics and governance principles.

(xi) Targets and objectives set out in the agreed performance measurement framework with the Government of Kenya.

The Committee held seven (7) meetings during the year under review as tabulated below;

NO.	NAME	POSITION	ATTENDANCE
1.	Mr. Martin Mburu	Chairman	7/7
2.	Mr. John Kenduiwo	Member	7/7
3.	Ms. Cheryl Majiwa	Member	7/7
4.	Mr. Abdalla Bii	Member	7/7
5.	Mrs. Josephine Maangi	Member	7/7
6.	Prof. Winston J. Akala	Member	6/7
7.	Mr. Victor K. Lomaria*	Managing Director	7/7
8.	Mr. Francis M. Mutunga*	Finance Manager, Secretary to the Committee	7/7
9.	Mrs. Roselyn Mugavana*	Human Resources Manager	7/7

*In-attendance

OPERATION & STRATEGY COMMITTEE

The mandate of the Operation & Strategic Committee is to support the Board of Management in its oversight responsiblities over the core business of the Bureau and the implementation of the strategic objectives as spelt out in the Approved Strategic Plan 2020 – 2024.

The committee considers and make recommendations to the Board on Bureau's core business, publishing and printing, as well as new developments and technologies in the industry, including:

(i) Business development strategies and the progress of the implementation of the KLB Strategic Plan 2020 - 2021.
(ii) Market performance of both books and institutional printing sales.
(iii) Bureau's publications (both print and digital), trends and strategies.
(iv) Trading terms reports and, the Bureau's debt and credit management strategies.
(v) Customer satisfaction survey/level.
(vi) Strategies to increase internal production volumes, capacity utilization of production presses/machines and modernization strategy of the printing press.
(vii) Any other function assigned by the Board.

The Committee held four (4) meetings during the year under review as tabulated below:

NO.	NAME	POSITION	ATTENDANCE
1.	Mrs. Josephine Maangi	Chairman	4/4
2.	Mr. John Kenduiwo	Member	4/4
3.	Mr. Abdalla Bii	Member	4/4
4.	Mr. Sammy Chepkwony	Member	4/4
5.	Mr. Martin Mburu	Member	4/4
6.	Ms. Augusta M. Muthigani	Member	4/4
7.	Mr. Nicholas Mac'Botongore	Member	4/4
8.	Mr. Elyas Abdi	Member	2/4
9.	Mr. Victor K. Lomaria*	Managing Director	4/4
10.	Mr. Evans Nyachiengá *	Business Development Manager	4/4
11.	Mr. David Kimita*	Ag. Sales & Marketing Manager	4/4
12.	Mr. Kenneth Jumba*	Publishing Manager, Secretary to the Committee	4/4

*In-attendance

l) DIRECTORS' REMUNERATION

The Board Members are entitled to sitting allowances for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and transport allowance where applicable, within set limits of government for state corporations. Members are also paid such taxable allowance as approved by the Cabinet Secretary for Education, State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) when on official duty in and outside the country. In addition, the Chairman is paid a monthly honorarium. The Bureau does not grant loans or guarantee for loans to board members.

m) STAFF REMUNERATION

Staff remuneration is based on the sustained performance by the employees and budget and is subject to the approval of the Board and the Salaries and Remuneration Commission (SRC). Year-end rewards and benefits are tied to the overall fiscal performance of the Bureau. KLB undertakes a comprehensive annual staff appraisal against their pre-agreed targets and objectives, and this informs the individual performance and contribution to the company performance and achievement of the overall goals.

n) CONFLICT OF INTEREST

In the Bureau's Board Charter, Members are required to make a written disclosure of any agenda or transaction, which would constitute a conflict of interest and to abstain from the discussion or voting when such matters are being considered. Individual Board Members exercise independence of judgement and professional competencies for effective governance of the Bureau. During the Board meetings, the Board members are required to declare any conflict of interest with the business of the day, and excuse themselves from any participation in the particular meeting.

All Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business; and they are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of the Board.

o) INTERNAL CONTROLS

The Board is committed to establishing and monitoring a risk management framework and to controlling its business and financial activities with a view to maximising profitable business opportunities and ensuring compliance with legal and regulatory requirements. The Board assesses the effectiveness of the Bureau's internal control systems on a quarterly basis. It is expected that the systems in place will continually provide reasonable controls in all governance and operational areas.

p) ETHICS AND CONDUCT

The Bureau recognises the important role ethical standards plays in organisational growth and development. A code of conduct is a public statement that outlines our expectations and holds us accountable to our conduct in business. The revised document was circulated to all Board members and employees, who are required to read, understand, sign and remain bound by the provisions. Adequate mechanisms are in place to receive complaints, investigate the allegations of unethical contact and discipline. The Bureau collaborates with Ethics and Anti-Corruption Commission (EACC) to entrench the culture of ethics in all our undertakings.

The ongoing implementation of the *Mwongozo Code of Governance for State Corporations* is a significant step towards deepening corporate governance, professionalism, ethics and integrity in management of KLB affairs.

q) GOVERNANCE AUDIT

The Board of Management usually undertakes a Governance Audit after every two (2) years or as it may be necessary. The results of the audit have indicated continuous compliance with the Corporate Governance provisions and guidelines. The next Governance Audit is schedule for the financial year 2021/22.

r) GOING CONCERN

The Board of Management confirms that the company has adequate resources to continue in business in the foreseeable future. Based on this reason, the Board continues to adopt the going concern basis when preparing the financial statements.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The operational and financial performance

The Bureau is implementing the fourth cycle Strategic Plan 2020-2024, whose first year of implementation was 2020/21. The Bureau embarked on continued implementation of the Strategic Plan, which has provided a re-energised strategic direction based on the following strategic pillars:

1. **Financial Sustainability**
2. **Customer Centricity**
3. **Operational Efficiency and Effectiveness**
4. **Organizational Capacity Development**

The strategic pillars were formulated based on the following strategic objectives and strategies:

1. **To grow projected gross revenue from 2.718 Billion in 2020/21 to 3.198 Billion in 2024/25**
   This strategic objective will be achieved through the following strategies:
   a) Grow revenue from the sale of textbooks to the Government run schools
   b) Grow revenue from the sale of books to the open market
   c) Grow revenue from print sales
   d) Grow revenue from partnership with copyright owners
   e) Grow alternative revenue streams
   f) Gros investment income through prudent and optimal investment of funds
   g) Grow net profit
   h) Mobilization of resources from development partners and donor agencies

We have diversified its revenue streams and expanded its product and service range to include the Early Year Education (EYE) books, formerly known as Tusome, which are now published, printed and distributed by the Bureau.

Revenues

The gross turnover was realised at Kshs. 2.68 Billion in 2021/22 as compared to Kshs. 1.54 Billion, which is a massive 73.4% performance improvement, mainly due to the easing of the COVID-19 pandemic restrictions and resumption of business operations.

We registered a gross profit of Kshs. 1.137 Billion in FY 2021/22 as compared with Kshs. 709.1 Million in FY 2020/21. This represented a growth of 60.5%, reflecting the recovery trajectory in revenues. Other revenues grew to Kshs. 60.9 Million as compared to Kshs. 17.7 Million resulting in an impressive growth of 245%. The total revenues (appropriations in aid) amounted to Kshs. 2.74 Billion in FY 2021/2022 as compared to Kshs. 1.56 Billion in FY 2020/21, representing a growth of 75.4%.

Operating expenses

The operating expenses amounted to Kshs. 1.061 Billion as compared to Kshs. 638.4 Million, out of which Kshs. 409.8 Million representing 46.3% was trade discounts allowed to customers. The operating expenses grew by 66.9% to also reflect the increased volume of production and revenue activities during the year. The total costs amounted to Kshs. 2.6 Billion as compared to Kshs. 1.47 Billion in FY 2020/21, representing a 76.6% increase, mainly due to the increased volume of production and revenue activities and the rise in prices of production and operational inputs.

Profitability

The Bureau registered a pre-tax profit of Kshs. 136.8 Million in 2021/22 as compared to Kshs. 88.4 Million recorded the previous year. This was an impressive performance improvement of 55%, which indicates a positive recovery from the effects of COVID-19 pandemic.

Financial position and Liquidity

As at the end of the financial year 2021/2022, the Bureau's net asset worth was registered at Kshs. 4.4 Billion as compared to Kshs. 3.8 Billion in the year 2020/21, representing a growth of 1.8%. The non-current assets amounted to Kshs. 1.6 Billion as compared to Kshs. 1.62 Billion the previous year. The current assets grew to Kshs. 4.42 Billion as compared to Kshs. 3.75 Billion in FY 2020/21. The liabilities grew to Kshs. 1.66 Billion from Kshs. 1.02 Billion in FY 2020/21 representing 62.7% due to the increased production and revenue generation activities.

The Bureau has over the years maintained a solid financial position with acid test ratio being 1.7 times, which indicates the extent to which the liquid assets can cover the current liabilities. The Bureau closed the financial year with a cash and cash equivalents of Kshs. 1.15 Billion in FY 2021/22 as compared to Kshs. 598.7 Million in FY 2020/21.

Dividends

The Bureau being a commercial state corporation has been over time maintained its status as a profitable government investment, operating with internally generated funds since 1993 and declaring dividend on a yearly basis, in addition to the great contribution the country's tax revenue.

We continue to meet our financial obligations to the shareholder and declared dividends based on the approved policy of ten (10) per cent on the after-tax net profits. The Bureau paid dividends amounting to Kshs. 14.99 Million for the year ended 30 June, 2020 based on the audited financial statements for the year 2019/2020. The Board declared a dividend of Kshs. 6.13 Million for the year 2020/21, whose payment is awaiting the finalization of the audit of the financial statements.

In the period under review, the Bureau has made provisions for dividend pay-out of Kshs 8.52 Million subject to withholding tax, where applicable, for the year ended June 30, 2022, representing a 39.1per cent increase from the previous year.

2. **To increase customer satisfaction from 80% in 2019/20 to 83% in 2024/25**
   This strategic objective will be achieved through the following strategies:
   a) Increase customer satisfaction level
   b) Ensure product and service availability
   c) Diversification of products and services
   d) Timely delivery of products and services
   e) Improve customer experiences
   f) Improve quality of products and services
   g) Improve corporate image

   We continually analysing the needs, tastes and preferences of the consumers and used the feedback to develop improved products and services, formulating strategies for the diversification of products and services. The continued compliance with the International Standardization Organization (ISO) 9001:2015 Quality Management System provides an assurance system for the quality of our products and services for our customers.

3. **To improve total operational efficiency (out/input) from 1.177 in 2020/21 to 1.283 in 2024/25**
   This strategic objective will be implemented through the following strategies:
   a) Re-engineer Business processes
   b) Integrate ICT in key business processes and systems
   c) Improve printing press capacity utilization

   We continue to increase the capital investment aimed at improving the publishing and printing infrastructure, processes and systems. Acquisition of plant and machinery, ICT equipment, motor vehicles and the full implementation of the automated systems such as Accpac financial system and the Human Resources Management Information System has led to improvement of the Bureau's technology infrastructure and hence leading to operational efficiency.

4. **To enhance average employee productivity (total revenue divided by the number of employees) from Kshs. 13,389,000 in 2020/21 to Kshs. 14,341,000 per employee by 2024/25**
   To achieve this strategic objective, the strategies that will be executed include:
   a) Increase production capacity
   b) Strengthening Human Resources Planning and implementation
   c) Strengthen performance management systems
   d) Undertake employee capacity development programs
   e) Improve employee welfare
   f) Strengthen corporate governance
   g) Organizational capacity enhancement
   h) Develop and implement Enterprise Risk Management (ERM) Framework

i) Design and implement Strategy, Monitoring, Evaluation framework

The Bureau registered much progress geared to enhancing the organizational capacity development to serve the increased needs and demands of our valued customers. The modernization of the printing press to increase the production capacity was on course but was halted due to litigations.

We will continue to invest in human capital to ensure that we attract and retain competent and skilled employees. We continued to develop and implement effective human resources plans and policies. The Bureau has continued to enjoy cordial relations with the Union organization (non-management staff) and completed the implementation of the Phase Two of the Collective Bargaining Agreement 2017 - 2019. The new Collective Bargaining Agreement 2019 – 2023 was finalized and had been awaiting signing, which was halted due to a dispute filed in court on the provision of CBA counteroffer to the umbrella Union body KUPPRIPUPA. We continue to improve employee welfare, leading to highly motivated staff and assuring harmonious industrial relations.

We continued to strengthen corporate governance systems, enterprise risk management and the strategy monitoring and evaluation framework.

We undertake a review of risk factors and develops mitigation plan on a periodical basis. The Bureau ensured continued compliance with the legal and regulatory framework established by the Government as the shareholder in order to promote sustainable business practices.

The Board usually meets as stipulated in the regulatory framework. The Board of Management undertakes its functions mainly through committees that include the

a) Audit & Risk Management and Compliance Committee.
b) Finance, Human Resources & General Purpose Committee.
c) Operations and Strategy Committee.

SECTION B

Key projects and investment decisions, the Bureau's is planning/implementing

The principal project is the modernisation of the printing press to improve the production capacity. This project is a key contributor in the achievement of the Manufacturing Pillar of the Government's *Big Four Agenda.* The main objectives of the project are as follows:

a) To increase on the production capacity in order to run efficiently and increase competitiveness of our products.
b) To modernize the printing press as per the new Strategic Plan 2020-2024 to upgrade the printing technology and to reduce the operational costs. The purchase of the machine is entirely financed by internally generated resources saved over the years.

c) To modernize the Information Communication and Technology (ICT) to adapt to the rapid advancement of technological changes and meet customers' needs and expectations.

d) To modernize the fleet of sales and marketing and pool vehicles to reduce on running and maintenance costs.

SECTION C

Compliance with statutory requirements

The Bureau has been compliant in relation to the various regulatory and statutory requirements. The historical tax demand that was under resolution between Kenya Revenue Authority (KRA) and KLB, was finally resolved positively. The Bureau commits to also comply with all the taxation and other laws.

SECTION D

Major risks facing the Bureau

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the usual course of business activities, the Bureau's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of the industry and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Management under policies approved by the Board of Management. The Board provides principles for overall risk management.

i) Credit risk

Credit risk is the risk of financial loss to the company of a customer to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables with customers.

Bank balances are held with credible financial institutions and are fully performing. Trade receivables are due from customers with good credit rating. Treasury bills are held with the Government of Kenya and have zero credit risk.

ii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company implements prudent liquidity risk management that include maintaining sufficient cash to meet company obligations. The company manages this risk by maintaining adequate cash balances in the bank, maintaining short-term deposits and treasury bills and by continuously monitoring forecast and actual cash flows.

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market price and comprises three types of risks: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The company has cash equivalents denominated in foreign currency to the tune of United States Dollars 4,168.40 as at June 30, 2022. However, the currency risk arising from them is minimal since the amount held in relation to the total cash and cash equivalents is small.

Interest rate risk

The corporation does not have any borrowings as at June 30, 2022 and hence not exposed to cash flow interest rate risk resulting from changes in market interest rates.

Price risk

Other price risk arises on financial statements because of changes in the price of a financial instrument. The corporation is not exposed to other price risk since the prices of its financial instrument remain stable. In addition, the corporation does not have investments in quoted shares.

SECTION E

Material arrears in statutory/financial obligations
The Bureau had no materials arrears in statutory or other financial obligations.

SECTION F

The Bureau's financial probity and serious governance issues
The Bureau does not have any financial improbity. In ensuring maintenance of strong financial probity, the Bureau has managed it's resources in a transparency and accountable way, while reporting to the oversight agencies such as the Ministry of Education, the Office of the Auditor General, The National Treasury and Planning among other agencies. There are no governance issues among the Board of Management and top management including related parties and conflict of interest.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Bureau operates within the principles of planet, people and profits. The Bureau exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services and improving operational excellence.

We focus our energies and contributions on the economy, ecological and social impacts of the larger society. Outlined below is the Bureau's policies and activities that promote sustainability:

a) Sustainability strategy and profile

The Bureau has been implementing the Strategic Plan 2020-2024, with four (4) Strategic Pillars namely, financial sustainability, customer centricity, operational efficiency and effectiveness and organizational capacity development. The strategic objectives thereof, have been crafted and implemented to ensure continued sustainability of the Bureau.

b) Environmental Performance

The Bureau operates in an industry that depends nearly 100% on the environment, given the, we manufacture books from paper produced from the trees. The Bureau's environmental policy is one that supports the conservation and restoration of the environment through well thought out initiatives and plans. The Bureau supports the green economy, where waste and pollution is avoided or eliminated. The Bureau being a manufacturing organization has been in the fore front to participate and contribute to initiatives that conserve the environment in partnership with other organizations including National Environment Management Authority (NEMA).

In the FY 2021/2022, The Bureau promoted the planting of trees in Nyeri County, in partnership with NEMA and the County Government. The Bureau continues to use the borehole water as part of the natural resources and uses the energy savings bulbs to conserve the energy.

Waste reduction and recycling are key principles of environmental conservation and sustainability at the Bureau. The Bureau has set monitoring metrics with a focus of attaining waste reduction and implementation of recycling methods.

c) Employee Welfare

The Bureau is cognizant that the people or employees are critical in all its operations and sustainability. The Bureau has therefore set a conducive environment for the employees to explore their potential. The Bureau has an approved Human Resources Policies and Procedures manual, 2018 and which was revised in 2020 and awaiting approval by the Governmental agencies.

The Bureau maintains a competitive hiring process, may it be through internal or external advertisement based on the required thresholds. The Bureau's gender ratio is well above the two thirds required by the Constitution of Kenya and other related laws and regulations. The employee management and engagement is undertaken on a quarterly basis.

The Bureau provides personal protective equipment to its employees in additional to the requirements of the Occupational Safety and Health Act (OSHA) of 2007.

The Bureau has an established Human Resources Advisory Committee, which deals with matters of capacity building and training of staff to improve their knowledge and skills. The annual performance target setting, and appraisals are duly conducted.

We undertake sensitization sessions to the employees and their families in relation to employee health and wellness, stress management, Breast Cancer awareness, gender mainstreaming, offer free voluntary HIV/AIDS counselling and testing, among other programs.

d) Market Place practices

i) Responsible competition practise

The Bureau does its business, within the parameters of ethics and values. The Bureau is compliant and has ensured that non-competitive practises are completely eliminated from all its transactions. The Bureau adheres and promotes anti-corruption practices, responsible political environment, fair competition and respect for the competitors in the publishing and printing industry.

ii) Responsible Supply Chain and supplier relations

The Bureau being a commercial state corporation and driven by the need to obtain value for money, engages in competitive tendering as per the provisions of the Public Procurement and Disposal Act, 2015 and its attendant regulations of 2022. The suppliers are treated fairly and payments are made based on the aging of the invoice. The contracts for suppliers are duly honoured based on the delivery of the goods and services in question.

iii) Responsible marketing and advertisement

The Bureau being a trading state corporation ascribes to fair, ethical trade and marketing practises. Bureau does not engage in trade and marketing practises that jeopardise the interest of organizations or competitors.

iv) Product stewardship

Mainly the Bureau publishes and prints education and knowledge materials, which are of high quality and ensure that the consumer rights are safeguarded. The Bureau also offers competitive print solutions to Government and private firms and individuals.

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENTS

The existence and the operation of the Bureau is premised on the principles of the three "Ps" namely ***planet, people and profits***. We recognize that we exist to serve our customers'/citizens.

We operate in a unique and dynamic business environment, where customers have remained central to organisational growth and sustainability. It is therefore critical for the Bureau to direct its communications and engagement programs to effectively address different needs and expectations of the stakeholder.

The Bureau established the Customer Social Investment (CSI) campaign branded ***Twachapa, Mwasoma***, where we partnered with various stakeholders' stock school and community libraries with books.

We have also undertaken sponsorships of seminars, conferences, workshops for such stakeholders as the Ministry of Education (conferences requiring pooled resources), Kenya Primary Schools Heads Association (KEPSHA), Kenya Secondary Schools Primary School Heads Association (KESSHA), Kenya Private Schools Association (KPSA), Wildlife Clubs of Kenya (Art and Easy Competition) among others. We have also worked closely with communities during the World Literacy Day. Kenya Wildlife Service under the theme, *habitat restoration for a better future*.

We have also provided equipment to persons with disability as part of the CSI and have provided sensitization training on road safety to the community.

We endeavour to continually align, grow and transform our business to address the changing dynamics of the market. We remain conscious of the challenges in the business environment, largely occasioned by high cost of energy and printing paper, which affects cost of production. We take note of the recent policy reforms in the education sector and will remain focused on our corporate strategy and objectives.

X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June, 2022 which show the state of the Kenya Literature Bureau's affairs.

a) Principal Activities

The principal activity of the Kenya Bureau is to provide innovative and competitive and printing solutions and disseminate quality literary, educational, cultural and scientific literature and materials at affordable prices, whilst promoting excellent authorship, creating shareholder value and promoting a knowledgeable and inspired society.

b) Results

The results of the Bureau for the year ended 30 June, 2022 are set out on page 1 to 39. Below is summary of the profit made during the year.

	2022 Amount (Kshs.)	2021 Amount (Kshs.)
Gross Turnover	2,676,210,441	1,543,385,737
Gross Profit	1,137,893,138	709,132,279
Net Profit before Taxation	136,804,815	88,377,145
Total Comprehensive Income after Tax	85,222,083	61,269,229

c) Dividends

Kenya Literature Bureau is wholly owned by the Government of Kenya. The Directors recommends the payment of dividend to the National Treasury on behalf of the Government of Kenya for the year ended 30 June, 2022, amounting to Kshs. 8,522,208 subject to withholding tax where applicable.

d) Directors

The member of the Board of Directors who served during the year are shown on page (ix).

e) Auditors

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

By Order of the Board

CPA, Victor Lomaria, OGW
Secretary to the Board/Managing Director
Date: 28th July 2022

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporations Act, and the Kenya Literature Bureau Act, Cap 209 of 1980 (Revised 2012), require the Board of Management to prepare financial statements in respect of the Bureau, which give a true and fair view of the state of affairs of the Bureau at the end of the financial year and the operating results of the Bureau for that year. The Members of the Board are also required to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy the financial position of the Bureau. Board Members are also responsible for safeguarding the assets of the Bureau.

The Board Members are responsible for the preparation and presentation of the Bureau's financial statements, which give a true and fair view of the state of affairs of the Bureau for and as at the end of the financial year ended June 30, 2022. 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 Bureau.
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 Bureau.
v) Selecting and applying appropriate accounting policies.
vi) Making accounting estimates that are reasonable in the circumstances.

The Board Members responsibility for the Bureau's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Public Financial Management Act, 2012 and Section 14 of the State Corporations Act and the Kenya Literature Bureau Act. Cap 209 of 1980 (Revised 2012).

The Members are of the opinion that the Bureau's financial statements give a true and fair view of the state of Bureau's transactions during the financial year ended June 30, 2022, and of the Bureau's financial position as at that date. Board Members further confirm the completeness of the accounting records maintained for the Bureau, which have been relied upon in the preparation of the Bureau's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Kenya Literature Bureau, 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 financial statements were approved by Senior Management on behalf of the Board of Management on 28th July 2022 and signed by the Managing Director/Secretary to the Board and the Ag. General Manager – Finance & Administration (Head of Finance) due to the absence of a constituted Board of Management whose term ended on 23rd April 2022.

CPA, Victor K. Lomaria, OGW
MANAGING DIRECTOR/
SECRETARY TO THE BOARD

CPA, FA Francis Mutunga
Ag. GENERAL MANAGER –
FINANCE & ADMINSTARTION

REPUBLIC OF KENYA

ephone: +254-(20) 3214000
nail: info@oagkenya.go.ke
ebsite: www.oagkenya.go.ke

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA LITERATURE BUREAU FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Literature Bureau set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2022 and the statement of comprehensive income, statement of changes in capital fund and reserves, statement of cash flows and, statement of comparison of budget and actual amounts, and a summary of significant accounting policies, notes to the financial statements and other important disclosures 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, financial statements present fairly, in all material respects, the financial position of the Kenya Literature Bureau as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financials Reporting Standards (IFRS) and comply with the Kenya Literature Bureau Act, Cap 209 (Revised 2012) and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.1,664,986,570 as disclosed in Note 13(a) to the financial statements. Included in the balance are books, printing and rent debtors balance of Kshs.130,399,029, Kshs.50,545,769 and Kshs.3,699,455, respectively all totalling Kshs.184,644,253 which have been outstanding for over ninety (90) days. Review of the debtors' statements revealed that an amount of Kshs.48,987,356 dates back to the year 2017, 2018, 2019, 2020 and 2021. Uncollected debts impact negatively on service delivery of the Bureau and may lead to loss of funds as a result of uncollected debts.

2. Non-Remittance of Withholding Tax

The statement of financial position reflects trade and other payables balance of Kshs.1,658,638,922 as disclosed in Note 19 to the financial statements. This includes withholding VAT payable balance of Kshs.27,195,703 an increment of Kshs.20,094,603 or 283% from prior year balance of Kshs.7,101,100. However, included in the balance is an amount of Kshs.2,866,357 which has been long outstanding since 2015 and has not been remitted to Kenya Revenue Authority (KRA) due to incorrect and lack of personal identification number (PIN) details. The Bureau has not indicated the actions being taken to resolve the matter with the concerned suppliers, which may result to loss of revenue to the Government.

Further, the statement of financial position reflects trade and other receivables balance of Kshs.1,664,986,570 as disclosed in Note 13(a) to the financial statements which includes VAT receivables balance of Kshs.60,714,192. However, reconciliations between the receivables and payables was not done so as to ascertain the outstanding balances with the KRA. Net off of expenditure is not allowed, however a reconciliation is required to ascertain amount payable to or receivable from KRA.

My opinion is not modified in respect of the effect of the above matters.

Key Audit Matters

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

Other Matter

1. Slow-Moving Books

The statement of financial position and as disclosed in Note 12 to the financial statements reflects inventories balance of Kshs.1,598,759,139 which includes printed books balance of Kshs.1,458,313,591. Included in the balance are slow-moving stocks balance of Kshs.23,224,327. Further, the balance includes e-book stocks of Kshs.339,834 for which movements during the year were negligible. This is indicative of the stocks being obsolete and unlikely to fetch value in the market for the Bureau.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2022. However, Management has not annexed the progress on follow up of Auditor recommendations to the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the One-Third of Basic Salary Rule

During the year ended 30 June, 2022, nineteen (19) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management did not explain the failure to comply with the policy as it may expose the staff to pecuniary embarrassment. This was contrary to Section 19(3) of the Employment Act, 2007 which states that, without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of Sub-Section(1) may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as maybe prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employee or any trade or industry"

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

2. Composition of Board of Management Committees

Review of records provided revealed that the Bureau's Board had membership of twelve (12) including the Managing Director who is the Secretary to the Board. Further, the Bureau had three (3) standing committees which included audit and risk management and compliance committee, finance human resources and general-purpose committee and operation and strategy committee having membership of five (5), six (6) and eight (8) respectively. According to the guidelines set on Circular No. OP/CAB.9/1A by the Executive Office of the President on the management of State Corporations number of members to any committee should not be more than 1/3 of the full board hence required membership of Bureau's committees ought not exceed four (4) members.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis of Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Unrecovered Advances

The statement of financial position reflects a balance of Kshs.1,664,986,570, in respect of trade and other receivables as disclosed in Note 13(a) to the financial statements which includes staff loans and advances balance of Kshs.983,765. Included in Note 13(c) are staff loans and advances balance of Kshs.580,549 which have not been paid during the year and are dormant. Further, the criteria used to issue staff with education, laptop and medical advances was not provided for audit.

In the circumstances, the effectiveness of internal controls, risk management and governance over staff advances could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as 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 Bureau 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Bureau 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 controls 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.

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2023

XII. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Kshs	2021 Kshs
REVENUES			
Turnover	**1 (a)**	2,676,210,441	1,543,385,737
Cost of Sales	**1 (b)**	(1,538,317,303)	(834,253,008)
Gross Profit		**1,137,893,138**	**709,132,729**
Gross Income from investments	**7 (a)**	51,513,444	14,475,873
Gain/(Loss) on Disposal of Non-financial Assets	**2**	(1,418,054)	(1,644,413)
Other Income	**3**	10,773,808	4,827,042
OTHER REVENUES		**60,869,198**	**17,658,503**
TOTAL REVENUES		**2,737,079,639**	**1,561,044,240**
Administration Costs	**4 (a)**	431,081,716	359,749,136
Selling and Distribution Costs	**5**	587,005,981	243,101,369
Depreciation - Property, Plant and equipment	**10 (b)**	43,607,324	34,956,081
Amortization - Intangible assets	**11**	262,500	607,500
OPERATING EXPENSES		**1,061,957,521**	**638,414,086**
TOTAL COSTS		**2,600,274,824**	**1,472,667,094**
OPERATING PROFIT FOR THE YEAR BEFORE TAX		136,804,815	88,377,145
INCOME TAX EXPENSE	**8(a)**	**51,582,732**	**27,107,916**
TOTAL COMPREHENSIVE INCOME AFTER TAX		**85,222,083**	**61,269,229**

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	Note	2022	2021
Non - Current Assets		Kshs	Kshs
Property, Plant and Equipment	10 (a)	1,454,410,674	1,490,059,169
Intangible Assets	11	43,750	306,250
Investment in Mortgage & Carloans	14(b)	142,324,300	-
		1,596,778,724	1,490,365,420
Current Assets			
Inventories	12	1,598,759,139	1,049,986,950
Trade and Other Receivables	13(a)	1,664,986,570	2,155,803,953
Short-term Investments	14(a)	681,834,041	406,274,854
Cash and Bank Balances	15	468,008,685	192,416,408
		4,413,588,434	3,804,482,165
TOTAL ASSETS		**6,010,367,158**	**5,294,847,585**
RESERVES, FUND AND LIABILITIES			
Capital Fund	16	1,000,000,000	1,000,000,000
Revaluation Reserves	17	973,855,036	973,855,036
Revenue Reserves	18	2,377,873,196	2,301,173,321
Shareholder funds		4,351,728,231	4,275,028,356
CURRENT LIABILITIES			
Trade & Other Payables	19	1,658,638,922	1,019,819,224
		1,658,638,922	1,019,819,224
TOTAL RESERVES, FUND AND LIABILITIES		**6,010,367,158**	**5,294,847,584**

The financial statements were approved by Senior Management on behalf of the Board of Management on 28th July 2022 and signed by the Managing Director/Secretary to the Board and the Ag. General Manager - Finance & Administration (Head of Finance) due to the absence of a constituted Board of Management whose term ended on 23rd April 2022.

CPA Victor Lomaria, OGW
Managing Director/Secretary to the Board
FOR: CHAIRMAN

CPA Francis Mutunga
Ag. GM - Finance & Admin.
ICPAK M/NO. 6056

The notes and appendices set out on pages 6 to 39 form part of these financial statements.

XIV. STATEMENT OF CHANGES IN CAPITAL FUND AND RESERVES FOR THE YEAR ENDED 30 JUNE 2022

	Capital Fund	Revaluation Reserves	Revenue Reserves	Total Reserves
	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	**1,000,000,000**	**580,120,938**	**2,246,031,014**	**3,826,151,952**
Gain/Loss on Revaluation of Assets	-	393,734,098	-	393,734,098
Net Profit for the year	-	-	88,377,145	88,377,145
Prov. For Corporation Tax - 2020/21	-	-	(27,107,916)	(27,107,916)
Dividends Payable - 2020/21	-	-	(6,126,923)	(6,126,923)
At 30 June 2021	**1,000,000,000**	**973,855,036**	**2,301,173,321**	**4,275,028,356**
At 1st July 2021	**1,000,000,000**	**973,855,036**	**2,301,173,321**	**4,275,028,356**
Net Profit for the year	-	-	136,804,815	136,804,815
Prov. For Corporation Tax - 2021/22	-	-	(51,582,732)	(51,582,732)
Dividends Payable - 2021/22	-	-	(8,522,208)	(8,522,208)
At 30 June 2022	**1,000,000,000**	**973,855,036**	**2,377,873,196**	**4,351,728,231**

XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

OPERATING ACTIVITIES	Notes	2022 Kshs	2021 Kshs
Operating profit for the year	6	136,804,815	88,377,145
Adjustments for:			
Depreciation Expenses	10 (a)	57,529,856	51,786,214
Amortization Expenses	11	262,500	607,500
(Decrease)/Increase in Prov. for Slow Moving Stock	4(a)	(577,533)	(8,574,964)
Provision for Doubtful Debts	4(a)	(1,018,597)	(7,645,768)
Interest Income	7 (a)	(51,513,444)	(14,475,873)
Foreign Exchange (Gain)/ Loss	3	(2,050,590)	(74,568)
(Profit)/Loss on disposal of Assets	2	1,418,054	1,644,413
Operating profit before Working Capital Changes		**140,855,061**	**111,644,099**
Increase/Decrease in Inventories	12	(548,194,655)	(23,423,896)
Realised Foreign Exchange Gain/Loss		2,050,590	74,568
Increase/Decrease in Receivables	13(a)	507,393,834	69,254,423
Increase/Decrease in payables	19	630,297,490	156,334,337
Cash generated from operations		**732,402,320**	**313,883,530**
Dividends Paid	9	-	(64,251,115)
Corporation Tax Paid	8(b)	(56,374,042)	-
Net Cashflows from Operating Activities		**676,028,278**	**249,632,415**
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	10	(23,990,984)	(14,495,006)
Purchase of Intangible assets	11		-
Transfer to Mortgage & Car loan Investment		(142,324,300)	-
Disposal of property, plant & equipment	10	691,575	208,509
Interest income received from Investments	7(b)	40,746,900	14,895,598
Net Cashflows from Investing Activities		**(124,876,809)**	**609,100**
(Decrease)/ Increase in Cash & Cash Equivalents		**551,151,469**	**250,241,516**
Cash & Cash Equivalents at the			
- Start of the year (1st July 2021)		598,691,257	348,449,740
- End of the period (30th June 2022)	21(b)	**1,149,842,726**	**598,691,257**

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

		Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Actual Vs. Budget Performance Difference	% Change	Remarks
Revenue	**Note**	**2021 - 2022 Kshs**	**2021 - 2022 Kshs**	**2021 - 2022 Kshs**	**2021 - 2022 Kshs**	**2021 - 2022 Kshs**		
Turnover	**(1a)**	3,029,199,855	1,356,742,812	4,385,942,667	2,676,210,441	-1,709,732,226	**-39%**	The Gross Turnover registered a 39% drop, mainly due to the decline in the open market sales and Governmet of Kenya sales.
Direct Expenditure	**(1b)**	1,383,266,248	1,189,949,700	2,573,215,948	1,538,317,303	1,034,898,645	**40%**	This registered an under-commitment of 40% due to the reduced volume of production actitivies and sales demand for the open market and the reduction in demand for print sales.
Gross Profit		**1,645,933,607**	**166,793,112**	**1,812,726,719**	**1,137,893,138**	-674,833,581	**-37%**	The decline in gross profitability was due to the lower than targeted turnover.
Other Income	**(3)**	11,500,000	(4,830,000)	6,670,000	9,355,754	2,685,754	**40%**	
Investment Income	**(7a)**	40,000,000	-	40,000,000	51,513,444	11,513,444	**29%**	Favourable due to increase in the stock of investment portfolio on account of improved revenue collections from debtors.
Total Income		**1,697,433,607**	**161,963,112**	**1,859,396,719**	**1,198,762,336**	(660,634,383)	**-36%**	The 36% drop attributed to lower than targeted turnover due to remarkable drop in books and print sales.
Staff Costs	**(4b)**	459,700,000	42,062,000	501,762,000	353,627,917	148,134,083	**30%**	Decrease mainly on account of the implementation of the Business Continuity measures which put on hold non-critical expenses leading to lower costs.
Administration Costs	**(4a)**	109,680,000	17,745,000	127,425,000	77,453,800	49,971,200	**39%**	This was mainly lower due to the implementation of austerity measures, cost containment measures and the Business Continuity Plan measures.
Selling & Distribution Costs	**(5)**	686,779,058	54,299,413	741,078,471	587,005,981	154,072,490	**21%**	This registered an under-commitment of 21% mainly due to lower trade discounts allowed on account of depressed open market sales, scale down of field sales operations.
Depreciation - Property/Plant	**(10b)**	39,113,761	19,683,351	58,797,112	43,869,824	14,927,288	**25%**	This is as per the depreciation policy.
Total Expenditure		**1,295,272,819**	**133,789,764**	**1,429,062,583**	**1,061,957,521**	367,105,062	**26%**	There was an overall savings on expenses in tandem with the lower than targeted revenues.
Surplus for the period		**402,160,788**	**28,173,348**	**430,334,136**	**136,804,815**	(293,529,321)	**-68%**	The operating profit was below the targetd level by 68% on account of the reduced open market book sales, Government order and reduced print sales.
Tax Expense	**(8a)**	**120,648,236**	**8,452,004**	**129,100,241**	**51,582,732**	(77,517,509)	**-60%**	This is mainly due to the lower than targeted operating profits.
Surplus/Loss After Tax		**281,512,552**	**19,721,344**	**301,233,895**	**85,222,083**	(216,011,812)	**-72%**	This is mainly due to lower than targeted Gross Tunover and the operating profit.

PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

The Statement of Actual and Budget Ammounts for the year ended 30th June 2022 has captured the Orginal Approved Budget, The Approved Rationalized Budget and the Approved Budget reallocations and additional financing during the year due to the changes in production related costs for the Government of Kenya tender award for the Printing, Supply and Distribution of Textbooks directly to schools.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Literature Bureau is established by and derives its authority and accountability from Kenya Literature Bureau Act Cap 209 (Revised 2012). The Bureau is a commercial state corporation and wholly owned by the Government of Kenya and is domiciled in Kenya. The Bureau's principal activity is to publish, print and disseminate quality literary, educational, cultural and scientific literature and materials. For reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actually determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Bureau's accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Bureau.

The financial statements have been prepared in accordance with the Public Financial Management Act of 2012, the State Corporations Act Cap 446, Kenya Literature Bureau Act Cap 209, and International Financial Reporting

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

i) ***New and amended standards and interpretations in issue effective in the year ended 30 June 2022***

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and	The amendments are effective for annual periods beginning on

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	liabilities. The exemption does not apply to components of equity.	or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022***

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their **materia**l accounting policy information rather than their **significant** accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both	The amendments are effective for annual reporting periods beginning on or after

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

iii) **Early adoption of standards**

Kenya Literature Bureau did not early – adopt any new or amended standards in year 2021/2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is measured based on the consideration to which the Bureau expects to be entitled in a contract with a customer and excludes amount collected on

NOTES TO THE FINANCIAL STATEMENTS (Continued)

behalf of third parties. The Bureau recognizes revenue when it transfers control of a product or service to a customer. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of Bureau activities, net of Value-Added Tax (VAT), where applicable, and when specific criteria have been met for each of Bureau's activities as described below.

i) **Revenue from the sale of goods and services** is recognised in the year in which the Bureau delivers products and services to the customer, the customer has accepted the products and services and collectability of the related receivables is reasonably assured. Discounts are recognised at the same time as the revenue to which they relate and are charged to profit and loss account.

As per International Accounting Standards 21 on the Effects of changes in Foreign Exchange Rates, revenue realised in foreign currency is initially recognised in the functional, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

ii) **Revenue from print services** is recognized when the print order is placed, confirmed by the customer, printing executed and delivered of the items thereof made.

iii) **Grants from National Government** are recognised in the year in which the Bureau actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

iv) **Finance income** comprises interest receivable from bank deposits and investment in securities and is recognised in profit or loss on a time proportion basis using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.

vi) **Rental income** is recognised in the income statement as it accrues using the effective implicit in lease/rental agreements.

vii) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the Bureau in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Bureau includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. The portion of the building used for rental purposes has not been disclosed separately under the Investment Property due to its insignificance.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items and are recognised in profit or loss in the income statement.

The cost of property, plant and equipment comprises:

(i) Its purchase price, including import duties and non-refundable purchase taxes such as Value Added Tax (VAT), after deducting trade discounts and rebates, where applicable;

(ii) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cots of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by the National Treasury policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	4% [25 years or the unexpired lease period]
Plant and machinery (printing press)	5% [20 years]
Motor vehicles, including motor cycles	25% [4 years]
Computers and related equipment	30% [3 years]
Office equipment, furniture and fittings	12.5% [8 years]

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount. Plant and Machinery mainly comprise of specialized printing, trimming, sewing and binding machines

NOTES TO THE FINANCIAL STATEMENTS (Continued)

whose useful life extends to over 20 years. They are depreciated at the rate of 5% or 20 years of useful life.

Depreciation expense, thereof is apportioned between the Production overheads and the Administrative overheads at the rate of 20% and 80% respectively for buildings, furniture and fittings; and at 80% and 20% respectively for Plant and machinery.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at costs less accumulated impairment losses.

The intangible assets comprise purchased computer softwares and licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible assets.

All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Investment property, which is the property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is

NOTES TO THE FINANCIAL STATEMENTS (Continued)

measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of the investment property are included in the profit or loss in the period in which they arise. The part of the Bureau's building under rentals has not been segregated as an investment property due to its insignificance.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

h) Right to use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Bureau incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37.

To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at

NOTES TO THE FINANCIAL STATEMENTS (Continued)

the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or actual costs whichever is applicable. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

k) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

l) Taxation

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

m) Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at Central Bank of Kenya and at various approved Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

q) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Bureau or not, less any payments made to the suppliers.

r) Retirement benefit obligations

(i) Defined Contribution Scheme

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Bureau operates a Defined Contribution Scheme for the full-time and pensionable employees from 1st April 2011. The scheme is administered by an in-house Board of Trustees and appointed Scheme Administrator and is funded by contributions from both the Bureau and its employees.

(ii) Defined Benefits Scheme

The Bureau operates a defined benefit scheme which remains a closed fund for employees that were aged above 45 years as at 1st April 2011. The scheme does not admit new members. All full-time and pensionable employees joining the Bureau are registered to the Defined Contribution Scheme after probation. The year end of the two schemes is 31st December.

(iii) National Social Security Fund

The Bureau contributes to the statutory National Social Security Fund (NSSF). This is defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at a graduated scale per employee per month based on the gross pay.

s) Provision for staff leave pay

Employee’s entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

t) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Bureau operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

u) Budget information

The original budget for FY 2021/2022 was approved by the Cabinet Secretary, Ministry of Education on recommendation of the National Treasury in July 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

v) Service concession arrangements

The Bureau analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Bureau recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets

NOTES TO THE FINANCIAL STATEMENTS (Continued)

so recognized are measured at their fair value. To the extent that an asset has been recognized, the Bureau also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Comparative figures

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

x) Subsequent events

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, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Bureau's financial statements in conformity with IFRS 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.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

i) The condition of the asset based on the assessment of experts employed by the Bureau.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
iii) The nature of the processes in which the asset is deployed.
iv) Availability of funding to replace the assets.

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 12 and 13.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Some of the provisions applicable to the Bureau include:

i) **Provision for Slow moving stocks**

A provision for slow moving stocks is made at the rate 10% of the slow-moving titles determined at the end of the financial year based on the annual title sales, nature/category of the title and the state of the market. This excludes the titles produced for direct sale to the Government of Kenya or the County Governments.

ii) **Provision for Bad and doubtful debts**

A provision for bad and doubtful debts is made at 5% of the book and print debts outstanding after ninety (90) days as at the end of the financial year. This excludes the debt owed by the Government of Kenya through the Ministry of Education/ Kenya Institute of Curriculum Development, for the sale of GoK branded books, which have separate and distinct contractual terms.

XVII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. (a) TURNOVER

	2022 Kshs	2021 Kshs
Books Sales	2,477,217,943	1,425,865,066
Print Sales	198,992,498	117,520,671
	2,676,210,441	**1,543,385,737**

Turnover comprises gross amount invoiced for sale of books and print sales.

1. (b) COST OF SALES

	2022 Kshs	2021 Kshs
Opening inventories		
Printed books	950,671,737	988,910,465
Raw materials	14,095,808	18,192,040
Work in progress	84,083,839	17,193,516
	1,048,851,384	**1,024,296,022**
Production Costs		
Direct Expenses	204,264,959	110,706,696
Raw Materials	10,210,273	8,984,578
Direct Labour	99,258,091	50,374,205
Overheads	131,551,911	130,224,459
Contracted Works	1,640,290,546	558,518,432
	2,085,575,780	**858,808,371**
Closing inventories		
Printed books	1,458,313,591	950,671,737
Raw materials	15,143,422	14,095,808
Work in progress	122,652,849	84,083,839
	1,596,109,861	**1,048,851,384**
COST OF SALES	**1,538,317,303**	**834,253,008**

The summary relates to the direct expenditure (cost of sales) for the year.

2. GAIN/(LOSS) ON DISPOSAL OF NON FINANCIAL ASSETS

	2022 Kshs	2021 Kshs
Gain on disposal of non-current assets	**(1,418,054)**	**(1,644,413)**

3. OTHER INCOME

	2022 Kshs	2021 Kshs
Rental Income	1,781,494	4,008,553
Waste Paper Income	338,877	95,765
Interest on advances	26,318	28,527
Foreign exchange gain/(loss)	2,050,590	74,568
Miscellaneous income	6,576,530	619,630
	10,773,808	**4,827,042**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2022 Kshs	2021 Kshs
4 (a).	**ADMINISTRATION COSTS**		
	Staff Costs **4 (b)**	353,627,917	325,120,366
	Management board expenses **4 (c)**	10,091,734	7,489,188
	Foreign exchange loss	-	-
	Transport operating expenses	13,458,273	8,118,863
	Traveling and accomondation	7,814,167	1,320,420
	Postal and telegram expenses	24,450	26,550
	Telephone expenses	4,043,045	4,056,241
	Electricity, Water and Conservancy	1,956,519	1,713,990
	Purchase of uniforms	169,794	19,327
	Purchase of stationery	6,631,663	4,082,109
	Rent & Rates Expenses	56,650	55,000
	Computer expenses	16,361,069	11,990,191
	Hire of casuals	1,491,144	305,209
	Insurance costs	1,319,955	858,883
	Audit fees	1,135,172	1,280,000
	Consultancy Expenses	180,000	180,000
	Bad Debts Write-off	-	-
	Slow moving stocks provision expenses	(577,533)	(8,574,964)
	Provision for Bad & Doubtful Debts	(1,018,597)	(7,645,768)
	Maintenance of plant and machinery	-	67,115
	Maintenance of office equipment	852,848	770,144
	Maintenance of buildings	4,020,804	1,962,947
	Security expenses	4,490,566	3,803,612
	Library Expenses	50,250	42,610
	Subscription expenses	204,480	381,020
	Donation expenses	410,000	-
	Bank charges	638,303	350,016
	Legal charges	3,649,044	1,976,067
	Total Administration Costs	**431,081,716**	**359,749,136**
4 (b).	**STAFF COSTS**		
	Basic Salaries	192,859,061	202,419,490
	Gratuity and pension	51,780,984	23,670,918
	House allowance	40,509,012	42,146,000
	Other personal allowances	16,244,298	23,095,977
	Leave allowances	4,135,053	4,123,398
	Medical expenses	19,852,383	19,422,184
	Overtime costs	12,468,422	3,146,885
	Staff training expenses	7,573,605	2,106,638
	Staff welfare expenses	8,205,097	4,988,875
	Total Staff Costs	**353,627,917**	**325,120,366**
4 (c).	**MANAGEMENT BOARD EXPENSES**		
	Sitting and Lunch Allowances	5,180,069	4,550,200
	Travelling Allowances	1,425,165	717,148
	Chairman's Honoraria	609,000	1,044,000
	Accomodation Allowances	2,714,790	1,177,840
	Performance Bonus	-	-
	Board Medical Expenses	-	9,700
	Other Meeting expenses	162,710	-
	Total Board Expenses	**10,091,734**	**7,498,888**
5.	**SELLING AND DISTRIBUTION COSTS**		
	Sales trade discounts allowed	409,775,268	139,267,209
	Promotional Samples costs	2,449,799	3,075,273
	Advertising, Research and Promotions	18,414,687	7,866,291
	Corporate Affairs expenses	5,901,816	5,264,213
	Business Development Costs	706,765	557,568
	Packaging, carriage and handling costs	149,757,646	87,070,816
	Total Selling Costs	**587,005,981**	**243,101,369**
	Total Costs	**1,018,087,697**	**602,850,505**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2022 Kshs	2021 Kshs
6.	**OPERATING PROFIT / (LOSS)**		
	The operating profit is arrived at after charging / (crediting):		
	GROSS TURNOVER	2,676,210,441	1,543,385,737
	COST OF SALES	1,538,317,303	834,253,008
	GROSS TRADING PROFIT	**1,137,893,138**	**709,132,729**
	Income from investments	51,513,444	14,475,873
	Gain on Disposal of Non-financial Assets	(1,418,054)	(1,644,413)
	Other Income (note 3)	10,773,808	4,827,042
	TOTAL REVENUES	**2,737,079,639**	**1,561,044,239**
	Adminstration, Staff, Selling & Distribution Costs (Note 4 & 5)	1,018,087,697	602,850,505
	Depreciation of property, Plant and equipment	43,607,324	34,956,081
	Intangible Assets Amortization Costs	262,500	607,500
	TOTAL COSTS	**2,600,274,824**	**1,472,667,092**
	Net operating Profit for the year	**136,804,815**	**88,377,147**
7(a).	**GROSS INCOME FROM INVESTMENTS**		
	Interest Income on Government securities	3,437,644	65,168
	Interest Income on short-term deposists	48,075,800	14,410,705
		51,513,444	**14,475,873**
7(b).	**INTEREST INCOME RECEIVED FROM INVESTMENTS**		
	Interest receivable at beginning of period	2,174,760	4,765,863
	Current years'	51,513,444	14,475,873
	Less: Tax on Interest Received - paid at source	(7,727,014)	(2,171,379)
		45,961,190	17,070,357
	Less: Closing balance for the period	(5,214,290)	(2,174,760)
	Interest received at close of period	**40,746,900**	**14,895,598**
7(c).	**NET INTEREST INCOME**		
	Gross interest income	51,513,444	14,475,873
	Less: Tax on Interest Received	(7,727,014)	(2,171,379)
		43,786,430	**12,304,494**
8.	**INCOME TAX**		
8(a).	**CURRENT TAXATION**		
	-Charge for the year based on adjusted profit for the year at 30%	51,582,732	27,107,916
	- Less Advance/paid at source	(7,727,014)	(2,171,379)
	INCOME TAX EXPENSE	**43,855,718**	**24,936,537**
8(b).	**TAX LIABILITY /(RECOVERABLE)**		
	Tax (credit) at beginning of period	(208,771,948)	(233,708,485)
	Income Tax Charge based on adjusted profits for the period	43,855,718	24,936,537
		(164,916,229)	(208,771,948)
	Income Tax paid - Prior years' balances	(36,370,350)	-
	Income Tax paid - Current years' advance	(20,003,692)	-
	Tax liability / (credit) at the end of period	**(221,290,271)**	**(208,771,948)**

9. DIVIDENDS PAYABLE

The proposed dividend are accounted for as a separate component of equity and not based on number of ordinary shares since the Government of Kenya is the sole shareholder and the Capital Fund is not divided into any class of shares. The Capital Fund is not divided into any class of shares.

The Board of Management of Kenya Literature Bureau declares and pays a dividend of 10% of the after tax Net profit for the year to the Government. The proposed dividend is payable after audit of the Financial statements. The dividend payable for the year ended 30th June 2019, Kshs. 63.508 Million had not been paid since the audit Certificate for the accounts for FY 2019/2020, was yet to be received from the Office of the Auditor General.

	2022	2021
Opening balance as at 1st july	20,370,436	78,494,628
Proposed Dividend for the year	8,522,208	6,126,923
Dividend Paid during the year	-	(64,251,115)
Closing balance as at 30th June	**28,892,644**	**20,370,436**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (a). PROPERTY, PLANT AND EQUIPMENT

2022	Land	Buildings & Civil Works	Plant and Machinery	Office Equipment	Motor Vehicles	Computers & Related Equipment	Office Furniture and Fittings	Capital Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION									
At July 1, 2021	667,250,000	562,683,160	332,075,712	13,734,921	126,784,770	65,339,081	29,827,920	11,367,074	**1,809,062,638**
Capitalization of Assets	-	-	-	-	-	-	-	(8,937,054)	**(8,937,054)**
Additions	-	10,127,787	3,357,300	1,320,241	10,289,600	2,568,965	1,179,130	4,085,014	**32,928,038**
Disposals	-	-	-	-	(1,590,000)	(1,033,175)	-	-	**(2,623,175)**
At June 30, 2022	**667,250,000**	**572,810,947**	**335,433,012**	**15,055,163**	**135,484,370**	**66,874,871**	**31,007,050**	**6,515,034**	**1,830,430,446**
DEPRECIATION									
At June 30, 2021	-	105,139,460	88,953,662	4,912,061	73,052,720	33,893,415	13,052,151	-	**319,003,469**
Adjust for depre. on disposal	-	-	-	-	(265,000)	(248,552)	-	-	**(513,552)**
Charge for the Year	-	18,688,145	12,198,069	1,256,661	13,514,879	9,739,863	2,132,239	-	**57,529,856**
At June 30, 2022	**-**	**123,827,605**	**101,151,731**	**6,168,722**	**86,302,599**	**43,384,726**	**15,184,390**	**-**	**376,019,773**
NET BOOK VALUE									
At June 30, 2022	**667,250,000**	**448,983,342**	**234,281,281**	**8,886,441**	**49,181,771**	**23,490,145**	**15,822,660**	**6,515,034**	**1,454,410,674**
At June 30, 2021	**667,250,000**	**457,543,700**	**243,122,050**	**8,822,860**	**53,732,050**	**31,445,666**	**16,775,769**	**11,367,074**	**1,490,059,169**
DISPOSAL OF PROPERTY, PLANT & EQUIPMENT									
Disposals proceeds	**-**	**-**	**-**	**-**	**560,000**	**131,575**	**-**	**-**	**691,575**

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal annual depreciation charge
Computer and related equipment	66,874,871	20,062,461
Motor Vehicles	135,484,370	33,871,093
	202,359,241	**53,933,554**

10 (b). ALLOCATION OF DEPRECIATION EXPENSES FOR PROPERTY, PLANT & EQUIPMENT

	Notes	2022	2,021
Cost of Sales (Production Overheads)	Appendix I	13,922,532	16,830,133
Admin Expenses - Depreciation of PPE	10	43,607,324	34,956,081
- Amortization of Intangible assets	11	262,500	607,500
Total Depreciation expenses		57,792,356	52,393,714

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (a). PROPERTY, PLANT AND EQUIPMENT

2021	Land	Buildings & Civil Works	Plant and Machinery	Office Equipment	Motor Vehicles	Computers & Related Equipment	Office Furniture and Fittings	Capital Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION									
At July 1, 2020	493,350,000	435,469,014	323,022,746	7,864,847	85,762,387	36,950,844	19,910,997	1,476,000	**1,403,806,834**
Additions	-	-	-	1,684,679	-	2,734,530	184,723	9,891,074	**14,495,006**
Disposals	-	-	(2,482,900)	(17,000)	-	(454,900)	(18,500)	-	**(2,973,300)**
Gain/Loss on Revaluation	173,900,000	127,214,146	11,535,866	4,202,396	41,022,383	26,108,607	9,750,700	-	**393,734,098**
At June 30, 2021	**667,250,000**	**562,683,160**	**332,075,712**	**13,734,921**	**126,784,770**	**65,339,081**	**29,827,920**	**11,367,074**	**1,809,062,638**
DEPRECIATION									
At June 30, 2020	-	87,720,699	73,557,741	3,917,361	63,239,720	29,337,421	10,564,690	-	**268,337,633**
Adjust for depre. on disposal	-	-	(662,107)	(11,333)	-	(434,605)	(12,333)	-	**(1,120,378)**
Charge for the Year	-	17,418,761	16,058,028	1,006,033	9,813,000	4,990,599	2,499,794	-	**51,786,214**
At June 30, 2021	**-**	**105,139,460**	**88,953,662**	**4,912,061**	**73,052,720**	**33,893,415**	**13,052,151**	**-**	**319,003,469**
NET BOOK VALUE									
At June 30, 2021	**667,250,000**	**457,543,700**	**243,122,050**	**8,822,860**	**53,732,050**	**31,445,666**	**16,775,769**	**11,367,074**	**1,490,059,169**
At June 30, 2020	**493,350,000**	**347,748,314**	**249,465,005**	**3,947,485**	**22,522,667**	**7,613,422**	**9,346,307**	**1,476,000**	**1,135,469,201**
DISPOSAL OF PROPERTY, PLANT & EQUIPMENT									
Disposals Proceeds	**-**	**-**	**27,000**	**7,506**	**-**	**107,253**	**66,750**	**-**	**208,509**

Property, plant and equipment include the following items that are fully depreciated:

	Cost or Valuation	Normal annual depreciation charge
Computer and related equipment	65,339,081	19,601,724
Motor Vehicles	126,784,770	31,696,193
	192,123,851	**51,297,917**

10 (b) ALLOCATION OF DEPRECIATION EXPENSES FOR PROPERTY, PLANT & EQUIPMENT

		2021	2020
Cost of Sales (Production Overheads)	**Appendix I**	16,830,133	16,830,133
Admin Expenses - Depreciation of PPE	**10**	43,607,324	34,956,081
- Amortization of Intangible assets	**11**	262,500	607,500
Total Depreciation expenses		**60,699,957**	**52,393,714**

		2022 Kshs	2021 Kshs
11.	**INTANGIBLE ASSETS**		
	COST		
	At July 1	21,799,529	21,799,529
	Additions	-	-
	Disposals	-	-
	At June 30	**21,799,529**	**21,799,529**
	AMORTISATION		
	At July 1	21,493,278	20,885,778
	Charge for the year	262,500	607,500
	Impairment Loss	-	-
	At June 30	**21,755,778**	**21,493,278**
	NET BOOK VALUE		
	At June 30	**43,750**	**306,250**
12.	**INVENTORIES**		
	Printed Books	1,458,313,591	950,671,737
	Provision for Slow Moving Stock	(2,322,433)	(2,899,966)
	Raw Materials	15,143,422	14,095,808
	Stationery & Other Consumables	3,022,310	2,282,452
	Library Books	1,949,401	1,753,080
	Work in Progress	122,652,849	84,083,839
		1,598,759,139	**1,049,986,950**
	Total excluding provision for slow moving stock	***1,601,081,571***	***1,052,886,916***
13 (a)	**TRADE AND OTHER RECEIVABLES**		
	Trade Receivables - Books	1,203,060,257	1,632,495,743
	Provision for Bad & Doubtful debts - Books	(6,519,951)	(8,430,784)
	Trade Receivables - Printing	166,377,342	147,309,621
	Provision for Bad & Doubtful debts - Printing	(2,527,288)	(1,635,053)
	VAT Receivable	60,714,192	91,847,273
	Corporation Tax Receivable	221,290,271	208,771,948
	Accrued Interest Income	5,214,290	2,174,760
	Other Receivables {inclusive of staff receivables Note **13 (c)**}	8,852,113	77,298,885
	Deposits and Prepayments	8,525,344	5,971,560
		1,664,986,570	**2,155,803,953**
	Total excluding prov. For bad debts, Corporation tax & accrued int.	***1,447,529,248***	***1,954,923,082***
13 (b)	**TRADE RECEIVABLES**		
	Gross trade receivables	1,369,437,599	1,779,805,364
	Provision for doubful receivables	(9,047,240)	(10,065,837)
		1,360,390,359	**1,769,739,527**
	At 30th June, the ageing analysis of the gross trade receivables was as follows:		
	Less than 30 days	707,457,566	548,941,895
	Between 30 and 60 days	59,391,906	35,121,674
	Between 61 and 90 days	26,946,223	50,296,669
	Over 90 days	575,641,904	1,131,817,950
		1,369,437,599	**1,766,178,188**
13 (c)	**STAFF RECEIVABLES**		
	Gross staff loans and advances	983,765	1,412,448
	Less: Amounts due within one year	(625,494)	(1,021,531)
	Amounts due after one year	**358,271**	**390,917**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022 Kshs	2021 Kshs
14(a) SHORT-TERM INVESTMENTS		
Short Term Deposits with Kenya Commercial Bank	624,046,931	348,193,174
Treasury Bills with Central Bank of Kenya	57,787,110	-
Mortgage & Car Loan Deposits - HF Group & KCB	-	58,081,680
	681,834,041	**406,274,854**

The weighted average effective interest rate on short term bank deposits at the year-end was 6.36%, while the for investments in Treasury bills was 7.09%.

	2022 Kshs	2021 Kshs
14(b) LONG-TERM INVESTMENTS		
Mortgage Deposits - HF Group & KCB	115,000,000	-
Car Loan Deposits - HF Group	20,000,000	-
Investment Gain	7,324,300	-
	142,324,300	**-**

15. CASH AND BANK BALANCES

	2022 Kshs	2021 Kshs
Cash on Hand	244,480	-
Cash at Bank	467,764,205	192,416,408
	468,008,685	**192,416,408**

The bulk of the cash at bank was held Kenya Commercial Bank and National Bank of Kenya, the Bureau's main bankers.

16. CAPITAL FUND

The amount of Kshs. 1,000,000,000 being GOK injection is comprised of Kshs. 300,000,000 which the Government invested when establishing Kenya Literature Bureau through an Act of Parliament Cap. 209 No. 4 of 1980, while Kshs. 400,000,000 were transfers from Revenue Reserves of Ksh 200,000,000 each during financial years 1996/1997 and 2007/2008. A further Kshs 300,000,000 was transferred from the Revenue Reserves during the financial year 2012/2013.

	2022 Kshs	2021 Kshs
Capital Fund	1,000,000,000	1,000,000,000
	1,000,000,000	**1,000,000,000**

17. REVALUATION RESERVES

Revaluation reserves relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax on retained earnings. Revaluation surlpuses are not distributable. Revaluation of assets was done in 2020/2021 for the assets in the books as at May 31, 2021.

	2022 Kshs	2021 Kshs
Revaluation Reserves	973,855,036	973,855,036
	973,855,036	**973,855,036**

18. REVENUE RESERVES

The retained earnings represent amounts available for distribution to the Government of Kenya. Undistributed retained earnings are utilised to finance the Bureau's business activities.

	2022 Kshs	2021 Kshs
Retained Earnings	2,377,873,196	2,301,173,321
	2,377,873,196	**2,301,173,321**

19. TRADE AND OTHER PAYABLES

	2022 Kshs	2021 Kshs
Trade Payables	1,364,484,587	827,338,966
Dividend Payable	28,892,644	20,370,436
Accrued Royalties	55,511,323	52,238,371
Withholding VAT Payable	27,195,703	7,101,100
Audit Fees Provision	2,206,896	2,020,000
NSSF Liability	5,000,000	11,000,000
Other Payables	27,997,756	35,531,946
Actuarial Decifit Liability	15,440,000	-
Accrued Expenses	1,261,631	1,965,413
Withholding Tax Due	6,850,787	5,427,087
Inventory Clearing Accounts	123,797,594	56,825,904
	1,658,638,922	**1,019,819,224**
Total excluding provision for dividend & corporation tax, payable	***1,629,746,278***	***999,448,788***

20. RETIREMENT BENEFIT OBLIGATIONS

The Bureau operates a defined contribution scheme for the full time employees from 1st April 2011. The scheme is administered by an in-house Board of Trustees and is funded by contributions from both the Bureau and its employees. Further, the Bureau operates a defined benefit scheme which remains a closed fund for employees that were aged above 45 years as at 1st April 2011. The scheme does not admit new members. All permanent staff joining the Bureau are registered for the defined contribution scheme after probation. The year end of the two schemes is 31st December. The Bureau also contributes to the statutory National Social Security Fund (NSSF). This is defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific contributions legislated from time to time and is currently dependent on the earnings per employee per month.

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit/(loss) to cash generated from /(used in) operations

	2022 Kshs	2021 Kshs
Operating profit for the year	136,804,815	88,377,145
Adjustments for:		
Depreciation Expenses	57,529,856	51,786,214
Amortization Expenses	262,500	607,500
(Decrease)/Increase in Prov. for Slow Moving Stock	(577,533)	(8,574,964)
Provision for Doubtful Debts	(1,018,597)	(7,645,768)
Foreign Exchange (Gain)/ Loss	(2,050,590)	(74,568)
Net Interest Income	(51,513,444)	(14,475,873)
(Profit)/Loss on disposal of Assets	1,418,054	1,644,413
Operating profit before Working Capital Changes	**140,855,061**	**111,644,099**
(Increase)/Decrease in Inventories	(548,194,655)	(23,423,896)
Realised Foreign Exchange Gain/Loss	2,050,590	74,568
(Increase)/Decrease in Receivables	507,393,834	69,254,423
(Increase)/Decrease in Payables	630,297,490	156,334,337
Cash generated from operations	**732,402,320**	**313,883,530**

(b) Analysis of cash and cash equivalents

	2022 Kshs	2021 Kshs
Short Term Deposits with Kenya Commercial Bank	624,046,931	348,193,174
Treasury Bills with Central Bank of Kenya	57,787,110	-
Mortgage & Car Loan Deposits - HF Group & KCB	-	58,081,680
Cash at bank	467,764,205	192,416,408
Cash at hand	244,480	-
	1,149,842,726	**598,691,262**

(c) Analysis of dividend paid

	2022 Kshs
2018 Dividends paid	48,803,380
2019 Dividends paid	64,251,115
2020 Dividends paid	14,986,991
2021 Dividends paid	6,126,923
	134,168,409

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022	2021
	Kshs	Kshs

22. RELATED PARTY DISCLOSURES

(a) Government of Kenya

The Government of Kenya Iis the principal shareholder of Kenya Literature Bureau, holding 100% of the Bureau's equity interest.

There were no other Bureau's transanctions involving the Government of Kenya.

(b) Employees

The Bureau provides certain qualifying employees with car loans in a funded arrangement with Kenya Commercial Bank Ltd, on terms more favourable than available in the market. The benefit obtained by the staff is subjected to income tax as required under the Kenya Income Tax Act. The cars are registered in joint names of the Bank and the employees for the car loan. The short-term deposits with principal amount of Kshs. 10 million are held for the purpose and earn a lower interest rate than the market rate. The Bureau is only liable when the employement contract with the employee is in force.

(c) Directors' renumeration and related costs

	2022 Kshs	2021 Kshs
Allowances and other emoluments and costs for directors	**10,091,734**	**7,489,188**

The rise in directors' renumeration resulted from the exit of the former Board and appointment of new Board and releated costs of induction.

(d) Key management compensation

	2022 Kshs	2021 Kshs
Salaries and other employment benefits	56,230,527	58,471,916
Managing Director's Gratuity benefits	-	-
	56,230,527	**58,471,916**

The Bureau has a defined benefits and contribution plan whose benefits are payable by the Fund Manager or the annuity service provider and which are independently accounted for by the respective companies.

23. CAPITAL COMMITMENTS

Amounts authorised and contracted for as at 30th June 2022 includes:

	2022 Kshs	2021 Kshs
Plant & Equipment - Web Offset Printing Machine	123,903,000	-
Plant & Equipment - Book Binding Line	141,453,000	-
Plant & Equipment - Air Compressor / other	-	2,945,000
Motor Vehicles	-	310,345
Furniture & Fittings	2,150,810	44,310
Computer Equipment	12,812,211	495,555
Office Equipment	2,335,345	583,793
	282,654,366	**4,379,003**

24. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Credit risk (Continued)

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	1,369,437,599	793,795,695	575,641,904	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	467,764,205	468,008,685	-	-
Total	**1,837,201,804**	**1,261,804,380**	**575,641,904**	**-**
At 30 June 2021				
Receivables from exchange transactions	1,766,178,188	634,360,238	1,131,817,950	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	192,416,408	192,416,408	-	-
Total	**1,958,594,596**	**826,776,647**	**1,131,817,950**	**-**

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

The Bureau has significant concentration of credit risk on amounts due for over ninety (90) days Kshs. 575.6 Million.

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

ii) Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	1,314,200,156	88,441,365	27,674,346	1,430,315,867
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**1,314,200,156**	**88,441,365**	**27,674,346**	**1,430,315,867**
At 30 June 2021				
Trade payables	128,225,434	53,171,012	645,488,312	826,884,758
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**128,225,434**	**53,171,012**	**645,488,312**	**826,884,758**

iii) Market risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Foreign currency risk

The Bureau has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the Bureau's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash ,debtors)	2,814,829,295	-	2,814,829,295
Liabilities			
Trade and other payables	(1,658,638,922)	-	(1,658,638,922)
Borrowings	-	-	-
Net foreign currency asset/(liability)	**1,156,190,373**	**-**	**1,156,190,373**

The Bureau manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	2,754,495,215	-	2,754,495,215
Liabilities			
Trade and other payables	(1,019,819,224)	-	(1,019,819,224)
Borrowings	-	-	-
Net foreign currency asset/(liability)	**1,734,675,991**	**-**	**1,734,675,991**

Market risk (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	%	Kshs	Kshs
2022			
Rwandan Francs	10%	Insignificant	Insignificant
USD	10%	Insignificant	Insignificant
2021			
Rwandan Francs	10%	Insignificant	Insignificant
USD	10%	Insignificant	Insignificant

b) Interest rate risk

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

The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Bureau analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts.

The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs Nil (2022: KShs Nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs Nil (2022 – KShs Nil).

iv) Capital Risk Management

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

	2021/2022	2020/2021
	Kshs	Kshs
Revaluation reserve	973,855,036	973,855,036
Retained earnings	2,377,873,196	2,301,173,321
Capital reserve	1,000,000,000	1,000,000,000
Total funds	**4,351,728,231**	**4,275,028,356**
Total borrowings (Nil)	-	-
Less: cash and bank balances	(468,008,685)	(192,416,408)
Net debt/(excess cash and cash equivalents)	N/A	N/A
Gearing	**0%**	**0%**

25 INCORPORATION

Kenya Literature Bureau is incorporated in Kenya under the Act of Parliament Cap. 209 of 1980 (Revised 2012) and is domiciled in Kenya.

26 EVENTS AFTER THE REPORTING PERIOD

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

27 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

APPENDIX I

DETAILS OF PRODUCTION COSTS

	2022 Kshs	2021 Kshs
Institutional Printing Services	62,066,832	39,542,035
Photography, Artwork & Blocks	1,530,400	914,392
Readership, Writing Workshops	40,394,106	12,943,422
Standard Levy	20,431	33,207
Royalty Expenses	100,253,190	57,273,640
Direct Costs	**204,264,959**	**110,706,696**
Contracted Works	**1,640,290,546**	**558,518,432**
Printing Papers Issues	7,827,379	6,683,101
Inks Issues	354,938	212,942
Plates Issues	598,142	888,978
Printing Supplies Issues	1,429,814	1,199,557
Direct Material Costs	**10,210,273**	**8,984,578**
Basic Salary Allocation	65,773,705	35,678,717
House Allow Allocation	16,103,952	9,816,000
Other Allow Allocation	5,322,297	3,136,223
Leave Allow Allocation	1,629,317	970,712
Overtime Allow Allocation	10,428,821	772,554
Direct Labour Costs	**99,258,091**	**50,374,205**
Transport Exp Allocation	2,370,882	1,432,741
Basic Salary Allocation	21,507,220	49,494,862
Depr Of Plant Exp Allocation	9,758,455	12,846,422
Electricity, Water Exp Allocation	5,668,222	5,141,970
Insurance Exp Allocation	879,970	572,589
Telephone Exp Allocation	1,346,312	1,352,080
Maint Of Plant Allocation	18,347,304	604,032
Maint Of Buildings Allocation	1,334,291	654,316
Pensions Allocation	22,191,850	15,780,612
House Allow Allocation	5,033,000	11,740,400
Maint Of O/Equip Allocation	94,761	85,572
Other Allow Allocation	2,431,983	5,015,260
Depr Of Buildings Exp Allocation	3,737,629	3,483,752
Uniforms Exp Allocation	169,794	19,327
Depr Of Furn Exp Allocation	426,448	499,959
Stationery Exp Allocation	736,851	453,748
Leave Allow Allocation	472,035	1,045,627
Casual Wages Allocation	5,964,576	1,280,914
Security Exp Allocation	1,335,936	1,135,112
Overtime Exp Allocation	2,379,647	151,883
Training Exp Allocation	5,056,356	1,404,425
Welfare Exp Allocation	5,470,065	3,325,917
Medical Exp Allocation	14,838,324	12,702,940
Overhead Costs	**131,551,911**	**130,224,459**
Total Production Costs	**2,085,575,780**	**858,808,371**