

REPUBLIC OF KENYA



OAG



THE NATIONAL ASSEMBLY
OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

DATE: 13 FEB 2022

DAY:
WED

TABLED
BY:

Hon Jimmy ANGWENYI, MP

CLERK-AT
THE-TABLE:

Perpetual Karani

REPORT

OF

THE AUDITOR-GENERAL

ON

**REVENUE STATEMENT OF THE BUSINESS
REGISTRATION SERVICE**

**FOR THE YEAR ENDED
30 JUNE, 2021**





BRS BUSINESS
REGISTRATION
SERVICE
Doing Business Made Easier



RECEIVER OF REVENUE

BUSINESS REGISTRATION SERVICE

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

**BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Office of the Attorney General and Department of Justice is represented at the Cabinet level, by the Attorney General, who is responsible for the general policy and strategic direction of the Office. The Director General of Business Registration Service was designated as a receiver of revenue on 11th March 2021 by the cabinet secretary National Treasury in accordance with section 75 of the PFM Act.

(b) Principal activities

The Director General collects revenue from the following activities;

- i.) Registration of Companies
- ii.) Official Receiver's fees
- iii.) Registration of Movable Property Security Rights
- iv.) Hire Purchase

The revenue is collected and remitted to the Central Bank of Kenya and used for helping realize the medium-term fiscal framework and fiscal policy objectives of the national government.

(c) Key Management

2. THE BOARD OF DIRECTORS



Ms .Carol Musyoka

(Chairperson)

LL.B.(UON)


MASTERS

Born on 29th August 1972, Ms Carol Musyoka has several years of financial leadership experience. She has extensive deal origination, negotiation, structuring and execution experience, having been involved in several landmark corporate finance transactions in Kenya. Her executive management and board experience includes her role as the Corporate Director, Barclays Bank of Kenya as well as the Executive Director and Chief Operating Officer of KRep Bank, Kenya's first micro finance institution.


She currently sits as a non-executive director on the boards of East Africa Breweries Ltd where she chairs the Board Numeration and Remuneration Committee as well as the Board Investment Committee, British American Tobacco Ltd and the national carrier, Kenya Airways, all of which are Nairobi Stock Exchange listed companies.

She has previously served on, and retired from the Boards of at least 12 private, public and Not for Profit organizations including BOC Gases, Competition Authority of Kenya where she chaired the Board Human Resources Committee, Institute of Economic Affairs, Opportunity Kenya, TransCentury Limited and the African Legal Support Facility of the African Development Bank.

Carol currently provides bespoke training solutions to a number of multinational and locally owned companies in the region on Leadership and Corporate Governance. For the last seven years, Carol has also been the Academic Director for the corporate governance programs at Strathmore University Business School. On an international level, Carol is part of the Durham, North Carolina based Duke Corporate Education (www.dukece.com) faculty and is involved in providing leadership deliveries for some of their global clients. Carol has also provided strategic

	<p>leadership training to clients of Capital Plus Exchange, a Chicago based organization that provides peer-learning events to small business banking financial institutions in Africa and Asia (www.capplusexchange.org).</p> <p>Carol is a holder of a Bachelor of Law degree from the University of Nairobi and a Master of Law degree from Cornell University, USA. Carol is also a recipient of the 2010 Eisenhower Fellowship for International Leadership.</p> <p>She served as the Chairperson of the Business Registration Service Board from 4th January 2016 to 3rd January 2019 and was reappointed for a period of 3 years with effect from 3rd May 2019.</p>
 <p>Ms. Njeri Wachira (Alternate to the Solicitor General)</p>	<p>Born on 30th June, 1968, Ms. Njeri Wachira holds a Bachelor of Laws Degree from the University of Nairobi and a Masters of Law Degree in Public International Law from Lund University in Sweden. Ms. Wachira is a Deputy Solicitor General and Head of the International Law Division at the Office of the Attorney General and Department of Justice. She is highly experienced in Public International Law matters and has represented the Republic of Kenya in numerous bilateral and multilateral negotiations, in the drafting and interpreting of international treaties and agreements, as well as shaping the development of international law. She has also successfully assisted in defending the Republic of Kenya in several international arbitration and litigation matters.</p> <p>Ms. Wachira holds vast experience in executive management and board matters given that she has served as the Alternate to the Attorney-General on the Boards of Capital Markets Authority; Constituencies Development Fund (CDF); National Environment Management Authority (NEMA), Kenya Ports Authority (KPA); Kenya Pipeline Company Ltd (KPC); Kenya Railways Corporation (KRC); South Nyanza Sugar Company (SONY); Betting Control and Licensing Board (BCLB). She has also served as the Head of Legal and Corporate Affairs at Seven Seas Technologies Group as well as a Legal Expert with the Commonwealth Secretariat,</p>

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	<p>stationed at the East African Community Secretariat in Arusha, Tanzania for two years.</p> <p>She was re-appointed to the Business Registration Service Board on 3rd December 2019 as an alternate to the Solicitor General and is a member of the Human Resource and Finance, Technical and Strategy and Compliance and Risk Committees. She was conferred the National Award of Moran of the Order of the Burning Spear (MBS) in December 2018.</p>
 <p>Ms. Shella Sheikh (Member)</p>	<p>Born on 11th November 1961, Ms. Shella Sheikh holds a Bachelor of Laws Degree from the University of London and previously with a Bachelor of Arts in Economics from the University of Nairobi. She is an advocate of the High Court of Kenya and has been in practice for over fifteen years. Shella previously trained and worked for K.H Osmond Advocates alongside the Managing Partner.</p> <p>In 2002, Shella ventured out to establish her own private practice.</p> <p>She served as a board member of Business Registration Service from 4th January 2016 to 3rd January 2019. She was reappointed as a board member for a period of 3 years with effect from 3rd May 2019.</p>



Ms. Catherine Musakali
(Member)

Born on 1st April 1969, Ms. Catherine Musakali is an Advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya.

Catherine is the Founder of Dorion Associates LLP, a firm specializing in governance matters and commercial legal consultancies. Prior to founding Dorion Associates, Catherine worked for Kenya Shell Limited (Now Vivo Energy Kenya Limited) as their Company Secretary and Head of Legal for over fifteen (15) years, during which period she managed the Legal Functions of Shell operations in Kenya, Uganda, Tanzania, Sudan, Eritrea, Ethiopia, Morocco, Egypt and Tunisia. She has worked for shell in the United Kingdom during which period she specialized in Mergers and Acquisitions and other commercial transactions as well as being the Legal Focal Point for all Contracting and Procurement matters for its businesses in the 23 Countries in Africa.

Before this she set up and managed the Legal department of UAP Provincial Insurance Limited during which period she represented her employer in the Industry body, the Association of Kenya Insurers (AKI).

Catherine was, until May 2014, the Chairperson of the Institute of Certified Public Secretaries of Kenya (ICPSK) and has also served as the Chair of its Education and Professional Development Committee as well as the Legislation and Corporate Governance Committee. She also sat on the Council of the Corporate Secretaries International Association, which is a global body bringing together governance professionals.

She is a founder and Chairperson of The Women on Boards Network and is currently the Company

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	<p>Secretary of a number of Companies and sits on various Boards including those in the public and private sectors. She has previously served as a Director at Nairobi Securities Exchange, Association of Kenya Insurers (AKI) and was at one time the Chairperson of Kenya Seed Company Limited.</p> <p>She also serves as a member of the Capital Markets 10-year Master Plan Implementation Committee.</p> <p>Catherine has been the Chief Judge, Corporate Governance, FiRe Awards and is a trained Corporate Governance Trainer, Governance Auditor and Board Evaluator and has developed policies on governance for a number of institutions. She also consults for the IFC.</p> <p>Catherine holds a Bachelor of Laws Degree and a Master of Laws Degree from the University of Nairobi, a Higher National Diploma in Law (Kenya), as well as a certificate in Securities and Investment from the Securities and Investment Institute (London).</p> <p>Catherine was first appointed to the Board on 2nd October, 2017 retired in October 2020 and reappointed for a period of three (3) years commencing 15th December 2020. She chairs the Audit and Governance Committee.</p>
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Mr. Brian Omwenga
(Member)

Born on 30th November 1981, Mr. Brian Omwenga is a Computer Science doctoral candidate and part-time lecturer at the University of Nairobi, School of Computing and Informatics. He holds a Graduate Degree in Engineering Systems, Technology and Policy from the Massachusetts Institute of Technology (MIT).

He was the Lead Enterprise Architect for the Kenya Government ICT and Enterprise Architecture. He has previously worked for PwC, Microsoft, and Nokia Research Africa. He has been credited as a respected African inventor with several publications and software patents. He is the founding chair of the Tech-Innovators SACCO of Kenya and also chaired the Software and Systems Engineering technical committee at the Kenya Bureau of Standards.

He was first appointed as a Business Registration Board member on 3rd May 2019 and chairs the Technical and Strategy Committee.




Born on 3rd April 1960, Mr. James Ndung'u Mureu holds a B. Sc degree in Business Administration (marketing) from Hartford University and is currently pursuing an MBA with the Management College of South Africa.

He is currently the Managing Director of Prolong K Ltd, and the current chairperson of WCF 2021 bid committee, Mastrade Holdings Ltd, Afrinol Holdings Ltd, Tana Solar & Tana Biomass and the Economic Diplomacy Committee of the Kenya National Chamber of Commerce & Industry where he is also the National Vice Chairperson.


He was a member of the Core Committee that developed the National Export Strategy paper in 2003 and a founding member of the Kenya Private Sector Alliance Committee.

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<p>Mr. James Ndung'u Mureu (Member)</p>	<p>He was first appointed as Business Registration Board member on 3rd May 2019 and chairs the Human Resource and Finance Committee.</p>
 <p>Ms. Josephine Waruguru Macharia-Kanyi (Alternate to the Cabinet Secretary, National Treasury)</p>	<p>Born on 17th July 1966, Ms. Josephine Waruguru Kanyi is a Senior Deputy Director in the National Treasury Budget Fiscal and Economic affairs in the Department of Intergovernmental Fiscal relations.</p> <p>She holds a Bachelor's Degree and Master's Degree in Economics from University of Nairobi.</p> <p>She has served in the ministry of Planning of National Development from 1991 to 1994, Ministry of Research and Technology (1994-1998) Ministry of Finance 1998-2010 as head of Intergovernmental Fiscal Relations and Business Regulation Reform Units. She served as Chief Economist in National Treasury from 2010-2016.</p> <p>She has attended Courses on Fiscal Decentralised and Financial management and Tax Policy Analysis and Revenue forecasting at the Harvard University USA & Macro Economic Diagnostics at the IMF institute in USA.</p> <p>She also serves in Kenya Hotel Properties Ltd Company and has also previously served in KIPPRA</p>

	<p>Board, Kenya Vehicles Manufacturers Board and LATIF Advisory Board.</p> <p>She was first appointed as Business Registration Board member on 10th May 2017.</p>
 <p>Mr. John Mwendwa, OGW (Representative of the Permanent Secretary, Business Reforms & Transformation)</p>	<p>Born on 17th Jan 1983, John is the Acting Secretary/ Director General Department of Business Reforms & Transformation (Ease of Doing Business) in the Ministry of East African Community & Regional Development. He is responsible for the development and implementation of the Business reforms and transformation agenda across Government.</p> <p>Prior to his current role, he served as the Director of Portfolio Management in the Ministry of Industry, Trade and Cooperatives from 2015 to July 2018 where he was also the Chief of Staff for the Cabinet Secretary.</p> <p>His earlier career in Banking saw him serve in various parts of the Barclays Group in strategy and executive management in Kenya and South Africa from 2007 to 2013. John has a Masters of Commerce Degree in Finance from Strathmore University and Bachelor of Commerce Degree in Finance from Kenyatta University. He is a member of the Academy of Accounting and Financial Studies of Canada (AAFSJ).</p>

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	<p>He was appointed as Business Registration Board member on 25th March 2020.</p>
 <p>Mr. Kenneth Gathuma, Director General</p>	<p>Born on 4th April 1980, Mr. Kenneth Gathuma is an Advocate of the High Court of Kenya who has legal advisory skills developed through providing legal advice to government ministries and state-owned corporations for 12 years.</p> <p>Until his appointment as the Director-General in March 2020, Mr Gathuma was the Acting Director General of BRS and formerly served as Deputy Head of Government Transactions in the Office of the Attorney General & Department of Justice where large Government development projects were arranged and concluded.</p> <p>He holds a Bachelor of Laws Degree from the University of Nairobi.</p>



Ms. Elizabeth Macharia
Corporation secretary

Born on 10th July 1987, Ms. Elizabeth Macharia is the Corporation Secretary of the Business Registration Service. She is an advocate of the High Court of Kenya with over 8 years of experience, a Certified Secretary with over 5 years of experience and a Corporate Governance Auditor. She is responsible for providing secretarial services to the Board and advising on corporate governance. She is a member of the Law Society of Kenya, East African Law Society, Certified Institute of Public Secretaries and Chartered Institute of Arbitrators.

She holds a Bachelor Degree in Law from Catholic University, of Eastern Africa, a Post Graduate Diploma in Law from Kenya School of Law and is currently undertaking a Masters in Law from the University of Nairobi.

3. MANAGEMENT TEAM



**Mr. Kenneth Gathuma,
Director General**

Mr. Kenneth Gathuma is an Advocate of the High Court of Kenya who has legal advisory skills developed through providing legal advice to government ministries and state-owned corporations for 12 years.

Until his appointment as the Director-General in March 2020, Mr Gathuma was the Acting Director General of BRS and formerly served as Deputy Head of Government Transactions in the Office of the Attorney General & Department of Justice where large Government development projects were arranged and concluded.

He holds a Bachelor of Laws Degree from the University of Nairobi.



**Mr. Mark Gakuru
Official Receiver**

Mr. Mark Gakuru is the Official Receiver and his mandate is to oversee the overall coordination and management of the Insolvency function at the Service and as such a regulator in Insolvency practice in Kenya in line with Section 701 of the Insolvency Act, 2015.

He holds a Master of Laws degree in Laws (LLM) from the University of Nairobi. He is an Advocate of the High Court of Kenya with over 19 years of legal and administrative experience in the private and public sectors.



Ms. Joyce Koech
Registrar of Companies

Ms. Joyce Koech is the Registrar of Companies and her mandate is to oversee the overall coordination and management of the Companies Registry at the Service in line with Companies Act, 2015.

She is an advocate of the High Court of Kenya with over 8 years' experience. She holds a Bachelor of Laws Degree from the University of Nairobi, and a Certified Public Secretary. Currently, she is undertaking Master's Degree in Arts at the University of Nairobi.



Mr. Jones Otuke
Director Corporate Services

Mr. Jones Otuke is the Director, Corporate Services and his mandate is to oversee the overall coordination and management of the Corporate Services function at the Service, that include; Human Resource Management and Administration Division, Finance and Accounts Division, Corporate Strategy Unit, Corporate Communication Unit and Information Communication Technology Unit.

He holds a Masters of Business Administration, a Bachelor of Business Management (Accounting and finance) and a Certified Public Accountant (CPAK). He is a member of the Institute Certified Public Accountant of Kenya (ICPAK). Mr. Otuke has previously served in various public sector institutions in the areas of accounting, financial management and administration.

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Ms. Doris Wambugu
Director Legal
Research&Compliance

Ms. Doris Wambugu is the Director, Legal Compliance and Research of the Business Registration Service. Her mandate is to oversee the overall coordination and management of the Legal, Compliance and Research function at the Service.

She is an advocate of the High Court of Kenya with over 16 years of experience in the private and public sector in the areas of legal, compliance and research. She holds a Masters degree in Strategic Management from Daystar University and a Bachelor of Laws Degree from the University of Nairobi. She is also a member of the Law Society of Kenya.



Mr. Yusuf Saleh
Deputy Director
HR&Administration

Mr. Yusuf Saleh is the Deputy Director, Human Resource Management and Administration. His mandate is the overall coordination and management of the Human Resource Management and Administration function at the Service.

He is an innovative HR leader and organizational culture and branding specialist with over 10 years working experience and has held senior executive roles. He is a full member of the Institute of Human Resources Management (IHRM) Kenya and serves as a member of the continuing professional development (CPD) and membership Committee of IHRM. Previously, he has served as a member of the Association of Commonwealth Universities (ACU) HR in HE Steering committee and the first regional liaison officer for Eastern Africa. He holds a Bachelor of Science degree in International Business Administration, a Masters degree in Business Administration

from the United States International University Africa (USIU). Currently, Yusuf is a doctoral candidate specializing in Strategic Management.



Mr. Erastus Mbalu
Deputy Director
Finance&Accounts

Mr. Erastus Mbalu is the Deputy Director Finance and Accounts and his mandate is the overall coordination and management of the Finance and Accounts function at the Service. Erastus is a Certified Public Accountant (CPA-K) with over 10 years' experience in the public sector.

He has previously served in several ministries as well as serving under secondment in African Rehabilitation Institute (ARI-AU) as Finance and Administration Officer. Erastus holds a Bachelors of Commerce Degree (Accounts Option) from KCA University.



Ms. Elizabeth Macharia
Corporation secretary

Ms. Elizabeth Macharia is the Corporation Secretary of the Business Registration Service. She is an advocate of the High Court of Kenya with over 8 years of experience, a Certified Secretary with over 5 years of experience and a Corporate Governance Auditor. She is responsible for providing secretarial services to the Board and advising on corporate governance. She is a member of the Law Society of Kenya, East African Law Society, Certified Institute of Public Secretaries and Chartered Institute of Arbitrators.

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	<p>She holds a Bachelor Degree in Law from Catholic University, of Eastern Africa, a Post Graduate Diploma in Law from Kenya School of Law and is currently undertaking a Masters in Law from the University of Nairobi.</p>
 <p>Ms. Shighadi Mwakio Deputy MPSR</p>	<p>Ms. Shighadi Mwakio is a Deputy Registrar, MPSR at the Business Registration Service. She is an Advocate of the High Court of Kenya with over 5 years' experience in Commercial Law and Legislative Drafting. She has been instrumental in the various legislative reforms under the Business Registration Service that led to the improvement of Kenya's standing in the World Bank Doing Business Ranking in Protecting Minority Investors Indicator, Getting Credit Indicator and Resolving Insolvency Indicator. She was involved in the development of the Movable Property Security Rights Regulations, 2017, the Companies (Beneficial Ownership Information) Regulations, 2020 and the draft Partnership (Limited Partnerships) Regulations, 2020. She has been instrumental in the Secured Transaction Legislative Reform process in Kenya from 2017. She is a member of the Task Force on National Risk Assessment on Money Laundering and Terrorism Financing and also sits in the Ease of doing business Transformation Team that has been responsible for the improvement of Kenya's standing in the World Bank Doing Business Ranking.</p>

(a) Entity Headquarters

P.O. Box 30031-00100
Sheria House, 2nd Floor
Harambee Avenue
Nairobi, KENYA

(b) Entity Contacts

Telephone: +254 202227461/2251355/07119445555/0732529995
E-mail: eo@brs.go.ke
Website: www.brs.go.ke

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) Bankers

Central Bank of Kenya
Haile Selassie Avenue
P O Box 60000
City Square 00200
Nairobi Kenya
Telephone: (254)202860000
E-Mail : comms@centralbank.go.ke

**BUSINESS REGISTRATION SERVICE
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Kenya Commercial Bank LTD.
Branch: KCB MOI AVENUE-4001
Account No.: 1252536569
Telephone: (254) 20244939
FAX: 20244939
Website: www.kcb.go.ke

4. STATEMENT OF RECEIVER OF REVENUE RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, Director General shall prepare an account of the revenue received and collected by that receiver during that financial year. Section 83 (2)(b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time

The Director General is responsible for the preparation and presentation of the receiver of revenue Report, which gives a true and fair view of the state of affairs of Business Registration service and as at the end of the financial year (period) ended on June 30, 2021. 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 status of the revenue collected by the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the entity (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director General accepts responsibility for the Business Registration Service revenue statement, which has been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Director General is of the opinion that the Business Registration Service revenue report gives a true and fair view of the state of entity's revenue collection (performance) during the financial year ended June 30, 2021 and further confirms the completeness of the accounting records maintained for the service, which have been relied upon in the preparation of the revenue report as well as the adequacy of the systems of internal financial control.

The Director General confirms that Business Registration Service has complied fully with applicable Government Regulations and revenue collected during the year under audit have been properly accounted for. Further the Service confirms that the revenue report has been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021**

Approval of the Revenue Statements

The revenue statements were approved and signed on 20.1, 2022



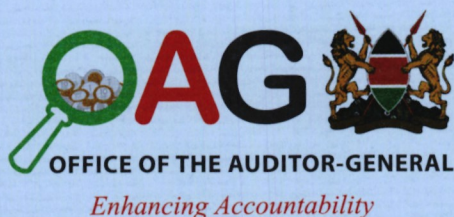
**Kenneth Gathuma, HSC
Director General**



**Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS OF THE BUSINESS REGISTRATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2021

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 intended purpose.
- C. Report on 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 control, 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, the Public Finance Management Act, 2012 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 REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of the Business Registration Service set out on pages 1 to 12, which comprise the statement of financial assets and liabilities and statement of arrears of revenue as at 30 June, 2021, and the statement of receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the revenue statements present fairly, the financial position and arrears of the revenue of the Business Registration Service as at 30 June, 2021, and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Business Registration Service Act No.15 of 2015.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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

Non-Provision of Service Providers' Contracts

As reported in the previous year, the Business Registration Service contracted service providers to collect revenue on its behalf. The service providers include E-Citizen and by extension Safaricom and Kenya Commercial Bank among others. However, the respective contract agreements were not provided for audit review.

In the circumstance it was not possible to establish the legality and performance of the service providers. Further, it was not possible to ascertain the basis of the revenue collected in the absence of supporting contracts.

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 revenue statement are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for 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

1. Lack of a Disaster Recovery and IT Business Continuity Plan

As reported in the previous year, the Business Registration Services did not have an approved Disaster Recovery Plan and IT Business Continuity Plan in the year under review. This posed a significant threat to the core function of the Business Registration Services especially due to the fact that it handles sensitive information about registration of Companies.

2. Lack of Medium-Term Strategic Plan

As reported in the previous year, the Business Registration Service did not have a Strategic Plan for medium term fiscal framework and the fiscal policy objectives during the year under review.

Under the circumstances, it was not possible to evaluate the performance of the Board of Directors and Management of the Business Registration Service as regards the revenue targets, actual collection, accounting and systems.

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

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

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, revenue transactions and information reflected in the revenue 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 Service's revenue reporting process, reviewing the effectiveness of how the 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 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 revenue 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 revenue statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Service's 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 revenue statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 February, 2022


**BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021**

**6. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR
ENDED 30TH JUNE, 2021**

	NOTE	2020/2021	2019/2020
		Kshs.	Kshs.
Fees on use of Goods/Services	1	1,091,823,776	836,423,500
Total Non-Tax Receipts		1,091,823,776	836,423,500
Total Revenue Collected		1,091,823,776	836,423,500
Transfers To Exchequer Account	2	(1,095,892,617)	(827,668,440)
Balance Brought Forward	3	8,755,060	16,441,805
Balance Carried Forward	4	4,686,219	8,755,060

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements.

These revenue statements were approved on 20.1.2022 and signed by:



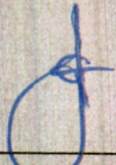
**Kenneth Gathuma, HSC
Director General**



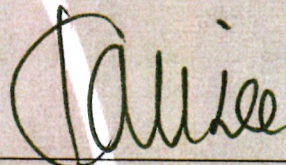
**Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469**

7.STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2021

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2020	Amount in arrears for the current year to June 30, 2021	Total arrears as at 30 June 2021	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Fees on Use of Goods and services	NIL	NIL	NIL		
Total Arrears	NIL	NIL	NIL		



Kenneth Gathuma, HSC
Director General



Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469

**8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH
 JUNE 2021**

	Note	2020-2021	2019-2020
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	4,686,219	8,755,060
TOTAL FINANCIAL ASSETS		4,686,219	8,755,060
FINANCIAL LIABILITIES			
Payables-Due to Exchequer	7	4,686,219	8,755,060
TOTAL FINANCIAL LIABILITIES		4,686,219	8,755,060

9.SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The revenue statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The revenue statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the entity.

2. Recognition of Revenue

Business Registration Service recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the entity.

3. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in to these revenue statements.

4. 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 the Central Bank of Kenya.

5. Disbursements to the Exchequer

The Receiver of Revenue has a weekly arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

6. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 which is a memorandum statement.

7. Comparative Figures

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

8. Subsequent Events

Apart from the effects of Covid-19 pandemic, there have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2021.

10. NOTES TO THE FINANCIAL STATEMENTS

1) FEE ON USE OF GOODS /SERVICES

STREAMS	2020/2021 Original Estimates	2020/2021 Revised Estimates	2020/2021 Actual	% Realized
	Kshs	Kshs	Kshs	
Official Receiver	1,719,181	2,694,029	1,756,375	(34.8%)
Registration of companies	403,256,084	801,877,437	1,078,360,622	34.48%
Movable Property Security Rights	4,400,000	7,400,000	9,458,000	27.81%
Registration of Hire purchase Agreements	948,514	2,560,424	2,122,600	(17.10%)
Other incomes	120,000	120,000	126,179	5.15%
Total Revenue	401,443,779	814,651,890	1,091,823,776	34.02%

Despite the hardships in the economy brought about by the COVID-19 pandemic, In the year, BRS revenue was not revised hence the original estimates was compared against the actual collection. Many revenue streams did not achieve the revenue estimates for the period except the Registration of Companies and Movable Property Security Rights which performed marginally well.

**Kenneth Gathuma, HSC
Director General**

**Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO:6469**

**BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021**

2) TRANSFER TO EXCHEQUER

Details	2020/2021	2019/2020
	Kshs	Kshs
Balance brought forward	8,755,060	16,441,805
Transfers to the exchequer from 1 st July 2020 to 30 th June 2021	1,087,137,557	827,668,440
Total	1,095,892,617	844,110,245

3) BALANCE BROUGHT FORWARD

DETAILS	2020/2021	2019/2020
	Kshs.	Kshs.
Balance Brought forward	8,755,060	16,441,805
Total	8,755,060	16,441,805

4) BALANCE CARRIED FORWARD

DETAILS	2020/2021	2019/2020
	Kshs.	Kshs.
Balance Carried Forward	4,686,219	8,755,060
Total	4,686,219	8,755,060


Kenneth Gathuma, HSC
Director General


Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469

5) BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account	Exc. rate (if in foreign currency)	2020-2021 Kshs.	2019-2020 Kshs.
DETAILS	Kshs.			
Kenya Commercial Bank- A/c No. 1252536569	-	-	4,689,219	8,755,060
Total			4,689,219	8,755,060

**6) BALANCE CARRIED FORWARD AS AT 30TH JUNE 2021 AND
 SUBSEQUENTLY TRANSFERRED**

Ref	Kshs.	Date subsequently transferred
E- Citizen	3,782,278	5th July 2021
Deposits	57,941	5th July 2021
Deposits	846,000	1st July 2021
Total	4,686,219	

BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021

7) PAYABLES- DUE TO EXCHEQUER

Payables	2020-2021	2019-2020
	Kshs.	Kshs.
Balance c/d at the end of the year	4,686,219	8,755,060
Total	4,686,219	8,755,060

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 6 above.

**10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2021**

Item	Revenue Stream	Original estimates (Kshs.)	Revised estimates (Kshs.)	Actual (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)	Reasons
1420208	Official Receiver's fees	1,719,181	2,694,029	1,756,375		937,654	Due to Covid -19 pandemic which restricted movement of persons and minimized court operations, Official Receiver was not able to close the files targeted for the financial year.
1420200	Registration of Companies	403,256,084	801,877,437	1,078,360,622	276,483,185		The increase in revenue collection by the company registry was as a result of decreased system downtime and continuous client awareness on the usage of the E-Citizen platform as well as introduction of Beneficial Ownership disclosures by the government.
1420209	MPSR	4,400,000	7,400,000	9,458,000	2,058,000		The increase in revenue collection by the MPSR is a result of continuous awareness by the clients on the use of simple assets as collaterals.
1420214	Registration of Hire Purchase Agreement	948,514	2,560,424	2,122,600		437,824	Due to Covid -19 pandemic and MPSR being popular amongst the clients.
1420215	Other Income	120,000	120,000	126,179	6,179		The increase was occasioned by more BRS staff acquiring credit facilities.
	Total fees	410,443,779	814,651,890	1,091,823,776	278,547,364	1,375,478	
	Balance brought forward			8,755,060			

**BUSINESS REGISTRATION SERVICE
REVENUE STATEMENTS FOR THE YEAR
ENDED 30 JUNE, 2021**

Item	Revenue Stream	Original estimates (Kshs.)	Revised estimates (Kshs.)	Actual (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)	Reasons
	Transfers to the Exchequer Account during the year			1,087,137,557			
	Balance carried forward			4,686,219			

**Kenneth Gathuma, HSC
Director General**

**Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469**

11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION

The following is the summary of issues raised by the External Auditor and Management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal point person to resolve the issue (Name and Designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other matter 1	Revenue Performance	Actual collection exceeded the budgeted revenue due to automation of services	Erastus Mbalu Deputy Director Finance &Accounts	Not Resolved	To appear in Parliament
Other matter 2	Non-Provision of Service providers' Contracts	E-citizen is wholly owned domain and portal of the Government of Kenya	Kenneth Gathuma Director General	Not Resolved	To appear in Parliament
Conclusion	Lack of Disaster recovery and IT Business Continuity Plan	The process of developing a Disaster recovery and IT Business Continuity Plan	Kenneth Gathuma Director General	Not Resolved	To appear in Parliament
Conclusion	Lack of Medium Term Strategic Plan	A strategic plan has been developed and approved by the board	Kenneth Gathuma Director General	Not Resolved	To Appear in Parliament


Kenneth Gathuma, HSC
Director General


Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO: 6469

