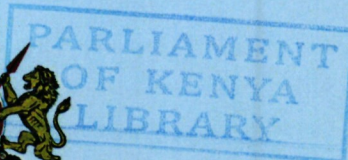
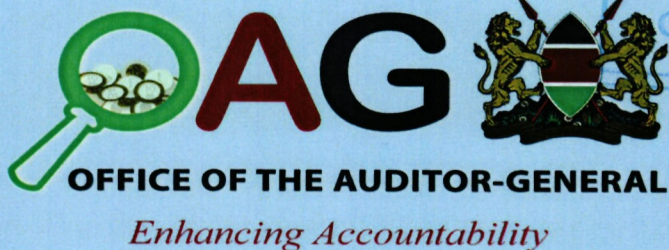


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 APR 2022

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H. WANGIUKU

THE AUDITOR-GENERAL

ON

**BUSINESS REGISTRATION SERVICE –
OFFICIAL RECEIVER**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
21 JAN 2022
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BRS BUSINESS
REGISTRATION
SERVICE

Doing Business Made Easier

OFFICIAL RECEIVER

ANNUAL REPORT AND FINANCIAL 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 (IPSA)

**BUSINESS REGISTRATION SERVICE
OFFICIAL RECEIVER
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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Office of the Official Receiver in Insolvency is a department within in the Business Registration Service, a Semi-Autonomous Government Agency under the Office of the Attorney General & Department of Justice. The Official Receiver is established and governed under the Insolvency Act, 2015 and its Regulations. The office deals with matters relating to insolvency i.e., Bankruptcy of natural persons (individuals) and winding-up of incorporated and unincorporated bodies.

The Official Receiver derives its core function of the implementation and administration of the Insolvency regime in Kenya from Part XII (Administration of this Act) of the Insolvency Act and other provisions therein.

The functions/mandate of the Official Receiver include:

- Regulate Insolvency Practice in Kenya.
- Offer a continuity mechanism for business.
- Regulate the economy by facilitating the ease of doing business.
- Manage affairs of Bankrupts' estates (Bankruptcy Trustee).
- Ensure there is a fair settlement of claims to creditors through an equitable distribution of assets.
- Act as a bankruptcy trustee, liquidator, supervisor or administrator.
- Investigate into the conduct of any person or company subject to the Insolvency Act.
- Act as officers of the Court.
- Investigate offences under the Insolvency Act.

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(i) VISION

To be the best institution in the region in provision of public legal services and promotion of a just, democratic and corruption-free nation.

(ii) MISSION

To facilitate the realization of good governance and respect for the rule of law through the provision of public legal services, protection and promotion of human rights and upholding of ethics and integrity.

(iii) MANDATE

The mandate of the Business Registration Service includes: the general implementation of policies, laws and other matters relating to the registration of companies, partnership and firms, individuals and corporations carrying on business under a business name, bankruptcy, hire purchase and security interests.

(iv) STRATEGIC FOCUS

Business Registration Service:

- (a) Carries out all registrations required under the Business Registration Service Act.
- (b) Maintains registers, data and records on registrations carried out by the Service.
- (c) Implements relevant policies and guidelines and provide the Attorney General with the necessary information to guide the formulation of policy and amendment of existing policy and guidelines.

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Carries out research and disseminate research findings in the fields covered by the relevant laws through seminars, workshops, publications or other means and to recommend to the Government any improvements in the relevant laws.

- (d) Collaborates with other state agencies for the effective discharge of its functions.
- (e) Charges fees for any service performed by the Service.
- (f) Performs such other functions as may be necessary under the Business Registration Service Act.

(b) Key Management

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

No	Designation	Name
1.	Official Receiver	Mr. Mark Gakuru
2.	Director General BRS	Mr. Kenneth Gathuma
3.	Deputy Official Receiver	Miss Beatrice Osicho
4.	Deputy Director Finance &Accounts	Mr. Erastus K. Mbalu

The section is divided into three sections; the Official Receiver (Legal), Official Receiver (Accounts and Investment) and Official Receiver (Financial Institutions)

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The legal section deals with the implementation of the legal issues as per the functions and mandate. The Official Receiver also operates offices in Kisumu and Mombasa.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility

	Designation	Name
1	Official Receiver	Mr. Mark Gakuru
2	Director General BRS	Mr. Kenneth Gathuma
3	Deputy Official Receiver	Miss Beatrice Osicho
4	Deputy Director Finance &Accounts	Mr. Erastus K. Mbalu

(d) Fiduciary Oversight Arrangements

The official Receiver is a department under Business Registration Service Board.

The Board has established the following four standing Committees to which it has delegated key responsibilities. Each Committee meets at least four times a year under the terms of reference approved by the Board.

The main responsibilities of the Committees are as follows;

i. The Audit and Governance Committee

The principal responsibilities of the Committee include review of financial statements, considering the effectiveness of the organization's internal control system, conducting annual review of the terms of reference of all the Committees and the board charter. The Committee is also responsible for reviewing the effectiveness of the internal audit function.

ii. The Human Resource and Finance Committee

The principal responsibilities of the Committee are to consider, advise and make appropriate recommendations to the Board on all aspects of human resource management strategy including policy and procedures, track and review the performance of staff members, consider annual capital, income and expenditure budgets as well as review financial performance against budget and plans.

iii. The Compliance and Risk Committee

The principal responsibilities of the Committee are to ensure implementation of effective processes and systems of risk management, track and maintain a risk register that ensures that mitigating processes and actions have been put in place for high-risk items and ensuring complete, timely, accurate and accessible risk disclosure to stakeholders.

iv. The Technical and strategy Committee

The principal responsibilities of the Committee are to oversee the successful implementation of the strategic plan, review significant changes and emerging trends in the organization's operating environment and evaluate suggested changes in strategic direction to ensure the provision of proper registration services.

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(e) Official Receiver Headquarters

P.O. Box 30031 - 00100

Sheria House

Harambee Avenue

Nairobi, KENYA

Official Receiver Contacts

Telephone: +254 202227461/2251355/07119445555/0732529995

E-mail: eo@brs.go.ke

Website: www.brs.go.ke

(f) Official Receiver Bankers

1. National Bank of Kenya

Harambee Avenue

P.O. Box 41862 - 00100

Nairobi, Kenya

2. Central Bank of Kenya

Headquarters

P O Box 60000 - 00200

Nairobi, Kenya

BUSINESS REGISTRATION SERVICE
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(g) Independent Auditors

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

(h) Principal Legal Adviser

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

2. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

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.

The Official Receiver is a department under Business Registration Service. BRS had not developed their Corporate Strategic Plan. However, the operations of the Official Receiver were aligned along the following issues. The strategic issues are as follows:

Issue 1: Efficiently manage estates of bankruptcies of natural persons and liquidated companies in Kenya

Issue 2: Enhance efficiency in the Resolution of Insolvency

Issue 3: Regulate insolvency practitioners & practice in Kenya

The Official Receiver achieved its performance targets set for the FY 2020/2021 period for its issues, as indicated in the diagram below

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Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
<ul style="list-style-type: none"> Resolution of Insolvency 	<ul style="list-style-type: none"> Efficiently manage estates of bankruptcies of natural persons and liquidated companies in Kenya 	<ul style="list-style-type: none"> Guidelines developed Estates indexed No of dormant matters closed 	<ul style="list-style-type: none"> Develop guidelines/manuals/training programmes for management of estates and debtors' estates Index all bankrupt and liquidated estates Close dormant bankruptcy matters Develop reporting module 	<ul style="list-style-type: none"> Guidelines developed, and bankrupt and estates indexed. 100 files closed
	<ul style="list-style-type: none"> Enhance efficiency in the Resolution of Insolvency 	<ul style="list-style-type: none"> Technical review done 	<ul style="list-style-type: none"> Conducting public awareness campaign and capacity building on the Insolvency Conduct technical review of the Official Receivers' registry and make recommendation on digitization 	<ul style="list-style-type: none"> Technical review and report shared. Awareness workshops done
	<ul style="list-style-type: none"> Regulate insolvency practitioners & practice in Kenya 	<ul style="list-style-type: none"> No of IPs licensed 	<ul style="list-style-type: none"> Develop insolvency practitioners code of conduct Strengthen monitoring and supervision of insolvency practitioners 	<ul style="list-style-type: none"> 15 IPS licensed and their licenses renewed

The legal framework on ease of doing has improved particularly on Insolvency Law which is currently ranked 50 in the World

3. CORPORATE SOCIAL RESPONSIBILITY REPORTING

The official Receiver being a department under the Business Registration Service exists to transform lives and this is the driving force in everything we do. The Official Receiver puts the customer/ citizen first and deliver relevant services and is committed to improving operational efficiency to provide excellent services to its clients. The World Bank Report, Doing Business 2020, ranks Kenya at position 50 globally, up from position 57 last year in resolving insolvency. The Official Receiver made resolving insolvency easier through, facilitating the continuation of the debtor's business during insolvency proceedings, providing for equal treatment of creditors in reorganization proceedings and granting creditors greater participation in the insolvency proceedings

The Official Receivers respect the interests of our stakeholders, employees, customers, suppliers, development partners, and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the community.

Our commitment to Corporate Social Responsibility is based on the principle that corporate success must not override community wellness. Corporate Success and community social well-being are interdependent and that the long-term interests of our organization are best served by improving wellbeing of our society. To this end, the Official Receiver desires to manage and operate our activities in ways that are socially responsive and environmentally sustainable.

1. Sustainability Strategy and Profile

To make Sustainability a reality Business Registration Service made it essential that all programmes and activities are captured in the work plan and are proactively delivered and accurately monitored and reported. We have recognized that it is essential to embed risk management into our activities and programmes. This has become an integral part of all of our planning processes. During the Year the Official Receiver under the Umbrella of Business Registration Service developed a Risk Management policy that will enhance its sustainability strategy.

2. Environmental Performance

Our commitment to Corporate Social Responsibility is based on the principle that corporate success must not override community wellness. Corporate Success and community social well-being are interdependent and that the long-term interests of our organization are best served by improving wellbeing of our society. To this end, the Official Receiver desires to manage and operate our activities in ways that are socially responsive and environmentally sustainable.

The Official Receiver understands and appreciates the important role that the environment plays in promoting development and in ensuring that the goals set out in Vision 2030 are achieved. During the FY 2020/21, the Official Receiver joined the rest of the Business Registration Service staff in a tree planting exercise at the Ngong' Forest. This tree planting exercise was in line with the directive given by His Excellency the President on 10/12/2019 that the Constitutional target of 10% national tree cover should be achieved by 2022.

3. Employee Welfare

The Official Receiver has identified its human resources have the greatest importance in gaining sustainable competitive advantage and efficiency. Thus, labour force is considered as productive assets not costly assets. The recruitment of staff is done by Business Registration Service.

4. Market place practices-

Business Registration Service has put its efforts to the following in relation to the market place practices;

a) Responsible competition practice.

BRS undertakes procurement in a manner that is fair, equitable, transparent, competitive and cost effective through open tendering method. At least 30% of the annual procurement expenditure budget is reserved and awarded to Youth Women and Persons Living with Disabilities. The official Receiver being a department in Business Registration Service is bound by this policy

In addition, BRS uses the standard bidding documents as published by the Public Procurement Regulatory Authority which requires bidders to declare that they will not engage in corrupt practices. Furthermore, we undertake proactive disclosure of tenders and contracts awarded in order to enhance transparency.

b) Responsible Supply chain and supplier relations

The supply chain department has a proactive policy to train suppliers each financial year. The training helps suppliers, especially the Youth, Women and Persons Living with Disability owned companies, to navigate the tendering process. These trainings help build capacity of the target group and ensure good business practices.

Furthermore, Payment to suppliers is done 30 days from the date of submission of necessarily documentation upon satisfactory delivery of goods, works or services.

c) Responsible marketing and advertisement

Procurement opportunities are shared on the BRS website (www.brs.go.ke), government tenders' portal (www.tenders.go.ke) and the social media handles for access by potential bidders.

d) Product stewardship

The Official Receiver insists on product warranty and manufacturers authorization for all goods supplied in order to ensure supply of goods of reasonable quality that protects from harmful goods

5. Corporate Social Responsibility (CSR) /Community Engagements

The Business Registration Service (BRS) organized a tree planting exercise in a bid to conserve the environment and in accordance with a Presidential Directive issued on 10/12/2019 that the Constitutional target of 10% national tree cover should be achieved by 2022.

Through among other initiatives the revival of Chief's tree nurseries with technical support of the Kenya Forest Service and allocation of 10% Corporate Social Responsibility to growing trees. The Service undertook an environmental

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conservation exercise at Ngong Road Forest, along the Nairobi Southern Bypass, on **Friday, the 21st day of May 2021 by planting 500 trees** with the technical support of Kenya Forest Service (KFS)

The theme of the event was “a path to recovery and well-being”, in congruence with the International Day of Forest theme for 2021. Thirty-five BRS staff members participated in the exercise.



Group photo of BRS and KFS staff members

4. STATEMENT OF OFFICIAL RECEIVER RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time

The Official Receiver in charge of the Office is responsible for the preparation and presentation of the Official Receiver's financial statements, which give a true and fair view of the state of affairs of the Official Receiver for 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 financial position of the Official Receiver; (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 Official Receiver; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Official Receiver in charge of the Office accepts responsibility for the Official Receiver's financial statements, which have 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 Official Receiver is of the opinion that the Official Receiver's financial statements give a true and fair view of the state of Official Receiver's transactions during the financial year ended

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June 30, 2021, and of the Official Receiver's financial position as at that date. The Official Receiver further confirms the completeness of the accounting records maintained for the Official Receiver, which have been relied upon in the preparation of the Official Receiver's financial statements as well as the adequacy of the systems of internal financial control.

The Official Receiver confirms that the office has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Official Receiver confirms that the Official Receiver's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya

Approval of the financial statements

The Official Receiver's financial statements were approved and signed on20.01...... 2022



Mark Gakuru
Official Receiver



Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO. 6469

REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

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

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 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 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, 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 FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Business Registration Service - Official Receiver set out on pages 1 to 17, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Business Registration Service - Official Receiver as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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 - Official Receiver Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Non-Compliance with Reporting Templates and Guidelines

The summary statements of appropriation – recurrent, development and combined together with the budget execution statement by programmes and sub-programmes were not prepared and submitted as part of the financial statements for the year ended 30 June, 2021. This is contrary to the guidelines and template issued by the Public Sector Accounting Standards Board (PSASB).

2. Lack of a Fixed Assets Register

As disclosed in Note 6 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2021 reflects an expenditure on acquisition of assets amounting to Kshs.603,600 (2020 – Kshs.3,751,000). However, it was observed that Official Receiver's assets were not tagged which could lead to loss of assets.

Under the circumstances, existences and security of assets as at 30 June, 2020 could not be confirmed.

3. Payment for Goods and Services from Unregistered Suppliers

Business Registration Service-Official Receiver procured and paid for goods and services amounting to Kshs.41,335,674 from various suppliers who were not registered as required under Sections 56 and 57 of the Public Procurement and Asset Disposal Act, 2015. It was, therefore, not possible to confirm whether the contracts were sourced competitively.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial 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 financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Official Receiver's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Official Receiver to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Official Receiver to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


14 March, 2022

BUSINESS REGISTRATION SERVICE
 OFFICIAL RECEIVER
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 FOR THE YEAR ENDED JUNE 30, 2021

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

	Note	2020-2021	2019-2020
		Kshs.	Kshs.
RECEIPTS			
Other Receipts	1	85,764,920	97,745,803
TOTAL REVENUES			
PAYMENTS			
Compensation of Employees	2	5,650,743	4,660,942
Use of goods and services	3	36,362,005	24,387,595
Transfer to other Government Units/CBK	4	1,656,375	2,757,398
Other payments	5	2,713,694	2,104,095
Acquisition of assets-non-financial assets	6	603,600	3,751,000
TOTAL PAYMENTS		46,986,417	37,661,030
SUPPLUS/DEFICIT		38,778,503	60,084,773

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on20th 01.....2022 and signed by;



Mark Gakuru
 Official Receiver



Erastus Mbalu
 Deputy Director Finance &Accounts
 ICPAK NO. 6469

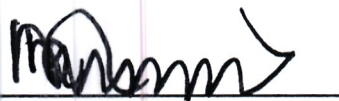


BUSINESS REGISTRATION SERVICE
OFFICIAL RECEIVER
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

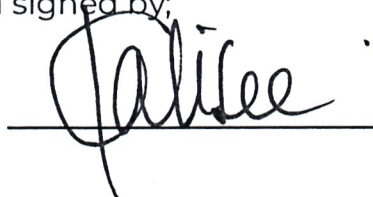
7. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and cash Equivalents			
Bank Balances	7	81,036,760	265,758,687
Short term deposits	8	38,400,000	0
Treasury Bills	9	322,362,981	137,262,551
Total cash and cash equivalents		<u>441,799,741</u>	<u>403,021,238</u>
Current Assets			
Receivables	10	<u>127,726,843</u>	<u>127,726,843</u>
TOTAL FINANCIAL ASSETS		569,526,584	530,748,081
NET FINANCIAL ASSETS		569,526,584	530,748,081
REPRESENTED BY			
Fund balance b/fwd	11	530,748,081	470,663,308
Surplus/Deficit for the year		38,778,503	60,084,773
NET FINANCIAL POSITION		<u>569,526,584</u>	<u>530,748,081</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20.01.2022 and signed by;



Mark Gakuru
Official Receiver



Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO. 6469

**8. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH
JUNE,2021**

	Note	2020-2021	2019-2020
		Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Other Receipts	1	85,754,920	97,745,803
		<u>85,754,920</u>	<u>97,745,803</u>
Payments for operating expenses			
Compensation of Employees	2	5,650,743	4,660,942
Use of goods and services	3	36,362,005	24,387,595
Transfer to other Government Units	4	1,656,375	2,757,398
Other expenses	5	2,713,694	2,104,095
Acquisition of Assets-Non-Financial assets	6	603,600	3,751,000
		<u>46,986,417</u>	<u>37,661,030</u>
Adjusted for:			
Net Cash flow from operating activities		38,768,503	60,084,773
NET DECREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at the beginning of the year		403,021,238	342,936,465
Cash and cash equivalent at the end of the year		441,789,741	403,021,238

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20.01.2022 and signed by:



Mark Gakuru
Official Receiver



Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO. 6489

9. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial 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 official receiver.

2. Reporting Entity

The financial statements are for the Official Receiver. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Official Receiver for all the years presented.

a) Recognition of Receipts

The Official Receiver recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the entity.

b) Recognition of payments

The Official Receiver recognises all expenses when the event occurs and the related cash has actually been paid out by the entity

i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

ii) Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by The Official Receiver

5. 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, 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 and at various commercial banks at the end of the financial year.

6. Accounts Receivable

For the purposes of these financial statements, imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

8. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

9. Comparative Figures

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

10. Subsequent events

There have been no other events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

10. NOTES TO THE FINANCIAL STATEMENTS

1. Other Receipts

	2020-2021	2019-2020
	Kshs.	Kshs.
Interest received	15,292,510	18,489,420
Dividends	65,000	65,000
Other receipts/Deposits	<u>70,407,410</u>	<u>79,191,383</u>
	<u>85,764,920</u>	<u>97,745,803</u>

Other Revenues /receipts for FY 2020/2021 decreased compared to FY 2019/2020 due low number of application orders for bankruptcy and petitions for liquidation of companies which was majorly attributed to COVID -19.

2. Compensation of employees

	2020-2021	2019-2020
	Kshs.	Kshs.
Basic salaries	5,279,403	4,293,142
Pension benefits	-	-
NSSF	251,040	259,200
NHIF	<u>120,300</u>	<u>108,600</u>
	<u>5,650,743</u>	<u>4,660,942</u>

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

3. Use of Goods and Services

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, Supplies & Services	2,658,729	219,760
Communication, Supplies & Services	60,000	6,000
Domestic travel & Subsistence	7,181,140	3,273,000
Foreign travel & Subsistence	0	196,456
Printing, advertising & Information services	899,099	2,844,860
Training	0	480,000
Hospitality Supplies & Services	226,330	974,300
Conference and Delegation	565,000	0
Insurance costs	47,463	54,243
Specialized services/Security services	0	5,528,425
Office and General Supplies	2,870,000	1,596,000
Other Operating Expenses	704,192	541,008
Postal Services	29,650	18,900
Discharged Files	20,695,260	8,410,599
Maintenance of Motor Vehicles	413,942	244,044
Membership to Professional bodies	11,200	0
	36,362,005	24,387,595

Use of goods and services increased in FY 2020/2021 which was majorly attributed to the increased number of files discharged from Kshs. 8,410,599 to Kshs. 20,695,260.

NOTES TO THE FINANCIAL STATEMENTS(Continued)

4.Transfer to other government units

		2020-2021	2019-2020
		Kshs.	Kshs.
	CBK Revenue Account	1,656,375	2,757,398
		1,656,375	2,757,398

5.Other payments

		2020-2021	2019-2020
		Kshs.	Kshs.
	Creditors	0	1,168,939
	Tax paid	2,665,949	865,926
	Bank charges	47,745	69,230
		2,713,694	2,104,095

6. Acquisition of assets (Non-financial assets)

		2020-2021	2019-2020
		Kshs.	Kshs.
	Purchase of Cabinets	603,600	2,301,000
	Partitioning	0	1,450,000
		603,600	3,751,000

BUSINESS REGISTRATION SERVICE
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NOTES TO THE FINANCIAL STATEMENTS(Continued)

7. Bank Accounts

NO	ACCOUNT NAME	Account Number	2020/2021 Kshs	2019/2020 Kshs
I.	Bankruptcy Estate Fund	01001000904100	12,424,285	169,145,503
II.	Bankruptcy Contingency Fund	01001000904200	6,701,401	514,553
III.	Bankruptcy Investment Income Fund	01001000905500	0	0
IV.	Companies Liquidation	01001000904300	49,962,890	23,111,149
V.	Companies Contingency Fund	01001000904400	1,240,559	2,118,609
VI.	Companies Investment Income Fund	01001000905600	43,479	43,479
VII.	Rural Urban Credit Finance	01001000905900	511,201	2,727,616
VIII.	Continental Credit Finance Ltd	01001000906400	459,238	6,587,496
IX.	Capital Finance Ltd	01001000906700	84,950	84,950
X.	Pioneer Building Society	01001000906800	66,408	86,228
XI.	Matatu Vehicles Owners Association	01001000907200	195,350	1,692,782
XII.	Kenya National Assurance Co. Ltd	01001000908800	6,813,015	1,774,401
XIII.	E.A Bag & Cordage	01001000909900	63,499	1,460,372
XIV.	Kenya Project & Investment Ltd	01001000910200	805,152	805,153
XV.	Tropical Building society	01001000911600	109,543	1,112,565
XVI.	Ken-Rem Chemicals Fertilizers	01020000513700	138,576	52,046,914
XVII.	Nyakio Investments Ltd	01001061202100	8,716	8,716
XVIII.	Bankruptcy Estate Fund(M)	010010007625700	82,185	507,186
XIX.	Bankruptcy Estate Fund (K)	01003024650300	937,887	9,067
XX.	Company Liquidation (M)	01001007625600	847,205	1,921,948
	TOTAL		81,036,760	265,758,687

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

In FY 2020/2021, the amount of bank balances was lower than the FY 2019/2020 because more money had been invested both in fixed deposits investments as well as treasury bills as at June 2021.

8. Cash Equivalents (Short-Term Deposits)

NO	ACCOUNT NAME	Account Number	2020/2021	2019
				/2020
			Kshs.	Kshs.
	Bankruptcy Estate Fund	01001000904100	20,000,000	0
i	Bankruptcy Contingency Fund	01001000904200	0	0
ii	Bankruptcy Investment Income Fund	01001000905500	0	0
iv	Companies Liquidation	01001000904300	2,500,000	0
v	Companies Contingency Fund	01001000904400	0	0
vi	Companies Investment Income Fund	01001000905600	0	0
vii	Rural Urban Credit Finance	01001000905900	3,000,000	0
viii	Continental Credit Finance Ltd	01001000906400	3,000,000	0
ix	Capital Finance Ltd	01001000906700	0	0
x	Pioneer Building Society	01001000906800	0	0
xi	Matatu Vehicles Owners Association	01001000907200	1,500,000	0
xii	Kenya National Assurance Co. Ltd	01001000908800	0	0
xiii	E.A Bag & Cordage	01001000909900	1,400,000	0
xiv	Kenya Project & Investment Ltd	01001000910200	0	0
xv	Tropical Building society	01001000911600	1,000,000	0
xvi	Ken-Ren Chemicals & Fertilizers	01020000513700	5,000,000	0
xvii	Nyakio Investments Ltd	01001061202100	0	0
xviii	Bankruptcy Estate Fund(M)	010010007625700	0	0

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NO	ACCOUNT NAME	Account Number	2020/2021	2019/2020
			Kshs.	Kshs.
Xix	Bankruptcy Estate Fund (K)	01003024650300	0	0
Xx	Company Liquidation (M)	01001007625600	1,000,000	0
	TOTAL		38,400,000	0

At the end of FY 2020/2021, the amount of 38,400,000 had been invested in fixed deposits.

9. Treasury Bills

NO	ACCOUNT NAME	2020/2021	2019/2020
		Kshs.	Kshs.
	Bankruptcy Estate Fund	228,461,452	91,825,794
	Continental Credit Finance Ltd	0	0
	Ken-Ren Chemicals & Fertilizers	93,901,529	45,436,757
	Total	322,362,981	137,262,551

Official Receiver investment on treasury bills stood at Kshs. 322,362,981 in FY 2020/2021 compared to Kshs 137,262,551 in FY 2019/2020.

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

10. Receivables

	2020/2021	2019/2020
	Kshs.	Kshs.
Consolidated bank (Shares)	86,644,260	86,644,260
Deposit Protection Board	41,082,583	41,082,583
Total	<u>127,726,843</u>	<u>127,726,843</u>

11. Fund Balance

	2020/2021	2019/2020
	Kshs.	Kshs.
Bank accounts	81,036,760	265,758,687
Cash equivalent	360,762,981	137,262,551
Receivables	<u>127,726,843</u>	<u>127,726,843</u>
	<u>569,526,584</u>	<u>530,748,081</u>

**II. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S
 RECOMMENDATIONS**

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)
Unconfirmed Short -Term Deposits	The accuracy and validity of the Short-term deposits balance of Kshs.185,273,300 as at 30 th June,2019 could not be confirmed.	The National Bank of Kenya confirmation certificates were not availed but instead bank statement during investment period and as at the maturity date were availed to the auditor for verification.	Erastus Mbalu Deputy Director Finance and Accounts	Resolved	Awaiting to appear in Parliament

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial Statements. The entity financial statements were approved on 20.01.2022 and signed by;



Mark Gakuru
Official Receiver



Erastus Mbalu
Deputy Director Finance & Accounts
ICPAK NO. 6469