

REPUBLIC OF KENYA



**REPORT**

DATE: 20 APR 2023

DAY.

Thursday

TABLED  
BY:

Hon. Owen Bayo, MP  
Deputy Leader, majority

OF

CLERK-AT  
THE-TABLE:

Moses Lemuna

**THE AUDITOR-GENERAL**

**ON**

**BUSINESS REGISTRATION SERVICE -  
OFFICIAL RECEIVER**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30984 - 00100, NAIROBI  
REGISTRY

07 FEB 2023

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**BRS** BUSINESS  
REGISTRATION  
SERVICE

Doing Business Made Easier

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OFFICIAL RECEIVER

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

BUSINESS REGISTRATION SERVICE  
OFFICIAL RECEIVER  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**BUSINESS REGISTRATION SERVICE  
OFFICIAL RECEIVER  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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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.
- (d) 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.

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- (e) Collaborates with other state agencies for the effective discharge of its functions.
- (f) Charges fees for any service performed by the Service.
- (g) 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:

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

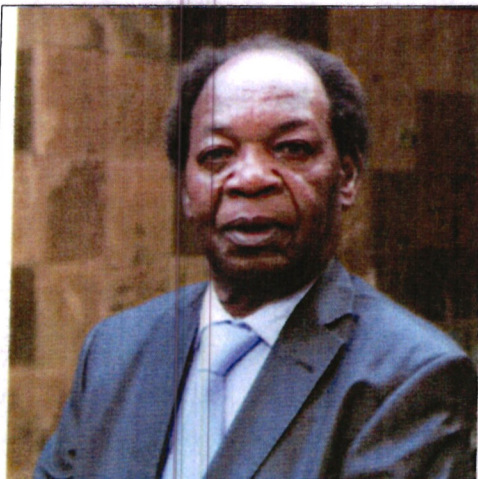
The section is divided into three sections; the Official Receiver (Legal), Official Receiver (Accounts and Investment) and Official Receiver (Financial Institutions)

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 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility

## 2. THE BOARD OF DIRECTORS



**Justice (Rtd) Erastus Githinji**  
**CBS EBS**

**(Chairperson)**

**LL.B. (UON)**

Born in 1949, Justice (Rtd) Erastus Githinji has over 40 years' experience in the application and interpretation of the law

He has served as a Magistrate in various ranks for over 10 years during which he was head of five magistrates' Court stations. The Judge has served as a Puisne Judge of the High Court for over 15 years and as a Judge in the Court of Appeal for over 16 years. In the court of Appeal, he served as Acting President of the Court, Head of the Civil Division and Presiding Judge Court of Appeal Mombasa (Malindi), Kisumu and Eldoret.

In his tenure as a Judge, Justice Githinji, has been a member and later Chairperson of Judicial Code of Conduct and Ethics which developed the current code for the entire Judiciary; longstanding member of the Council of Legal Education and a Board Member of Judiciary Training Institute (now Academy.)

The Judge Has attended various local and international courses for professional development and obtained certification in Competition law for adjudicators, Alternative Dispute Resolution (ADR); Refugee law; Environmental law; Human Rights and Global Economy and others.

He is a recipient of two National Honors:

- Elder of the Order of Burning Spear (EBS) in 2012.
- Chief of the Order of the Burning Spear (CBS) in 2019

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	<p>He holds a Bachelor of Laws Degree from the University of Nairobi and is an advocate of the High Court of Kenya</p>
 <p><b>Ms. Njeri Wachira (Alternate to the Solicitor General)</b></p>	<p>Born on 30<sup>th</sup> June, 1968, Ms. Njeri Wachira, MBS 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. Njeri Wachira, is currently the Deputy Solicitor General and Head, the International Law Division at the Office of the Attorney General and Department of Justice. She is a seasoned Advocate with extensive experience working in the field of Public International Law. She possesses experience as a Legal Advisor to the Government in negotiating, drafting, vetting and interpreting local and international treaties and agreements. She is responsible for handling all matters on Mutual Legal Assistance pursuant to the Mutual Legal Assistance Act of 2011 which appoints the Attorney-General as the Central Authority. She is also responsible for the coordination of the legal team, both external counsel and in-house counsel that represent the Republic of Kenya in all International Arbitration or Litigation matters.</p> <p>Njeri has been an Alternate Director to the Attorney-General on various Boards of Directors including, the Business Registration Service, Capital Markets Authority, Constituencies Development Fund, National Environmental Management Authority, Kenya Ports Authority, Kenya Pipeline Company Ltd, Kenya Railways Corporation, South Nyanza Sugar</p>

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Company, and the Betting Control and Licensing Board.

Njeri has also served as the Head of Legal and Corporate Affairs at Seven Seas Technologies Group which covered the Group Companies in Kenya, Rwanda, Zimbabwe, Nigeria and Portugal.

She has also been assigned by the Commonwealth Secretariat to work for a period of two years as a Legal Expert with the East African Community Secretariat in Arusha, Tanzania where she was tasked with implementing the Treaty for the Establishment of the East African Community, by drafting Protocols to the Treaty and various legislation; as well as approximation of Partner States Municipal Laws relating to finance, investment, as well as commercial laws in the EAC context.

As part of her CSR, Njeri has served as a Board Member and Founding Director of *Tomorrow's Child Initiative*, an NGO registered in Kenya whose vision is to have a society where children and women have unfettered access to opportunities, which allow them to live in dignity because their rights are respected and upheld.

Njeri is married and is a mother of two children. She enjoys reading books, travelling and playing golf.

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.

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**Ms. Shella Sheikh**  
**(Member)**

Born on 11<sup>th</sup> 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.

In 2002, Shella ventured out to establish her own private practice.

She served as a board member of Business Registration Service from 4<sup>th</sup> January 2016 to 3<sup>rd</sup> January 2019. She was reappointed as a board member for a period of 3 years with effect from 3<sup>rd</sup> May 2019.



**Ms. Catherine Musakali**  
**(Member)**

Born on 1<sup>st</sup> 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

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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 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.

She also serves as a member of the Capital Markets 10-year Master Plan Implementation Committee.

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.

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	<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 2<sup>nd</sup> October, 2017 retired in October 2020 and reappointed for a period of three (3) years commencing 15<sup>th</sup> December 2020. She chairs the Audit and Governance Committee.</p>
 <p><b>Mr. Brian Omwenga</b> <b>(Member)</b></p>	<p>Born on 30<sup>th</sup> 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).</p> <p>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.</p> <p>He was first appointed as a Business Registration Board member on 3<sup>rd</sup> May 2019 and chairs the Technical and Strategy Committee.</p>

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**Mr. Faraj Mansur**  
**(Member)**

Born on 24<sup>th</sup> October 1970, Mr. Faraj Mansur is a Serial Techpreneur with over 20 years' experience in East African Tech Ecosystem.

He is a builder of high-performance teams and a natural leader, mentor, and a motivator who thrives in environments requiring a high-level strategist and a big-picture thinker.

Faraj had an illustrious career in blue-chip tech companies like UUNET, then one of the largest Corporate Internet Service Provider and one of the early Tier 1 networks.

Since 2005 he has co-founded a number of award-winning technology companies under Techbiz Group. The firms are in System Integration, eCommerce (B2B & B2C), Business Technology Solutions & Fintech.



**Ms. Josephine Waruguru  
Macharia-Kanyi**  
**(Alternate to the Cabinet  
Secretary, National  
Treasury)**


Born on 17<sup>th</sup> 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.

She holds a Bachelor's Degree and Master's Degree in Economics from University of Nairobi.

She has served in the ministry of Planning and 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.

She has attended Courses on Fiscal Decentralization and Financial management and Tax Policy Analysis and Revenue forecasting at the Harvard University

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	<p>USA &amp; 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 Board, Kenya Vehicles Manufacturers Board and LATIF Advisory Board.</p> <p>She was first appointed as Business Registration Board member on 10<sup>th</sup> May 2017.</p>
 <p><b>Mr. John Mwendwa, OGW</b> <b>(Representative of the Permanent Secretary, Business Reforms &amp; Transformation)</b></p>	<p>Born on 17<sup>th</sup> Jan 1983, John is the Acting Secretary/ Director General Department of Business Reforms &amp; Transformation (Ease of Doing Business) in the Ministry of East African Community &amp; 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 roles 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> <p>He was appointed as Business Registration Board member on 25<sup>th</sup> March 2020.</p>

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**Mr. Kenneth Gathuma,  
Director General**

Born on 4<sup>th</sup> 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.

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.



**Ms. Elizabeth Macharia  
Corporation secretary**

Born on 10<sup>th</sup> 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 HSC**  
**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 HSC**  
**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.

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**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 Master's 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 Master's

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



**CPA 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.

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**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.

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.



**Ms. Shighadi Mwakio HSC**  
**Deputy Registrar MPSR**

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

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	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.
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**(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.

## **(e) Business Registration Service-Official Receiver Headquarters**

P.O. Box 30404 - 00100  
17 Floor.316 Upper Hill Chambers  
2<sup>nd</sup> Ngong Avenue  
Nairobi, KENYA

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**(f) Official Receiver Contacts**

Telephone: +254 202227461  
E-mail: [eo@brs.go.ke](mailto:eo@brs.go.ke)  
Website: [www.brs.go.ke](http://www.brs.go.ke)

**(g) 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

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

#### **4. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES**

##### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key strategic objectives as per the strategic plan for FY 2021/22- FY 2025/26 plan is to:

- a) To promote ease of doing business
- b) To enhance user experience, awareness, and stakeholder collaborations
- c) To strengthen institutional capacity for BRS to deliver on its mandate

##### **Progress on the attainment of Strategic Objectives through Performance Contracting**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

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Sub-Program	Strategic Objective	Outcome	Indicator	Performance	Comments
Registration Services	To promote ease of doing business	<ul style="list-style-type: none"> <li>▪ Improved efficiency on insolvency services</li> <li>▪ Expeditious resolution of insolvency</li> </ul>	<ul style="list-style-type: none"> <li>▪ No of Insolvent files closed</li> </ul>	<ul style="list-style-type: none"> <li>▪ 120 dormant Insolvency files closed</li> </ul>	
	2. To enhance user experience, awareness, and stakeholder collaborations	<ul style="list-style-type: none"> <li>▪ Enhanced customer satisfaction</li> <li>▪ Increased corporate visibility</li> <li>▪ Increased support from stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>•Level of customer satisfaction</li> <li>•Number collaborations</li> <li>•Awareness level of BRS mandate (%) in the population</li> </ul>	<ul style="list-style-type: none"> <li>▪ 59.15% of customers satisfied</li> <li>▪ 4 collaborations made</li> <li>▪ six hundred [No.600] tree seedlings planted through CSR</li> </ul>	
	3.To strengthen institutional capacity for BRS to deliver on its mandate	<ul style="list-style-type: none"> <li>▪ Enhanced people's engagement and motivation</li> <li>▪ Increased productivity</li> <li>▪ Better customer and employee experience</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff turnover (%)</li> <li>▪ Employee satisfaction index (%)</li> <li>▪ Average corporate performance appraisal rating (%)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 0% staff turnover</li> <li>Several staff members trained on various courses and competencies</li> <li>▪ Kshs 2,901,072 revenue collected</li> </ul>	

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Sub-Program	Strategic Objective	Outcome	Indicator	Performance	Comments
			<ul style="list-style-type: none"> <li>▪ Revenue collected (Kshs).</li> </ul>		

## **5. 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 2021/22, 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](http://www.brs.go.ke)), government tenders' portal ([www.tenders.go.ke](http://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

**6. CORPORATE SOCIAL RESPONSIBILITY (CSR) /COMMUNITY  
ENGAGEMENTS**

The BRS corporate social responsibility initiatives reflect accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures.

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During the Financial Year 2021/2022, the Service in collaboration with the Kenya Forest Service (KFS) adopted a half a hectare of degraded forest in Ngong Road Forest for reforestation, protection, conservation and maintenance for a period of 3 years. The Service planted six hundred [No.600] tree seedlings at a cost of Kshs. 254,603.00.

The initiative was in line with supporting national efforts of achieving and maintaining at least 10% national forest cover and creating climate-resilient communities through restoration and protection of forest watersheds, and the creation of sustainable livelihoods for communities in Kenya.



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## **7. 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 June 30, 2022, and of the Official Receiver's financial position as at that date. The Official Receiver further

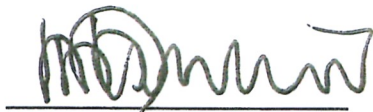
**BUSINESS REGISTRATION SERVICE  
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confirms the completeness of the accounting records maintained for the Official Receiver, which have been relied upon in the preparation of the Official Receiver's financial statements as well as the adequacy of the 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 on 3/2/2023



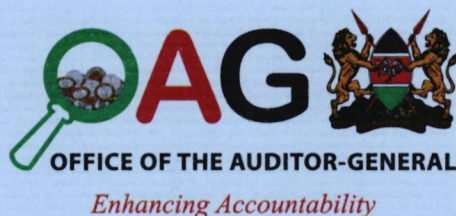
**Mark Gakuru HSC  
Official Receiver**



**CPA 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 BUSINESS REGISTRATION SERVICE - OFFICIAL RECEIVER FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 22, which comprise of the statement of

assets and liabilities as at 30 June, 2022, 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, the financial statements present fairly, in all material respects, the financial position of the Business Registration Service - Official Receiver as at 30 June, 2022, 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, 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**

#### **Irregular Operation of Bank Accounts**

Review of financial records revealed that the Official Receiver maintained bank accounts at National Bank of Kenya Limited. This was contrary to the Section 708(1) of the Insolvency Act, 2015 which provides that the Official Receiver shall establish in the Central Bank of Kenya an account, to be called the "Insolvency Account". Further, the Act provides that the Official Receiver shall pay into the Insolvency Services Account all money received or recovered by the Receiver in the performance and exercise of the Official Receiver's functions and powers under this Act.

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

## 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 controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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



**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

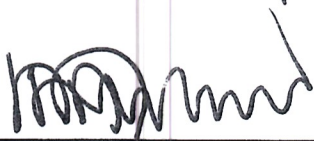
**13 February, 2023**

BUSINESS REGISTRATION SERVICE  
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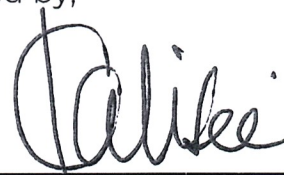
**9. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs.	Kshs.
<b>RECEIPTS</b>			
Other Receipts	1	<u>114,189,281</u>	<u>85,764,920</u>
<b>TOTAL RECEIPTS</b>		<u>114,189,281</u>	<u>85,764,920</u>
<b>PAYMENTS</b>			
Compensation of Employees	2	6,463,081	5,650,743
Use of goods and services	3	72,422,908	36,362,005
Transfer to other Government Units/CBK	4	2,796,482	1,656,375
Other payments	5	2,345,231	2,713,694
Acquisition of assets-non-financial assets	6	4,817,000	603,600
<b>TOTAL PAYMENTS</b>		<u>88,844,702</u>	<u>46,986,417</u>
<b>SURPLUS/DEFICIT</b>		<u>25,344,579</u>	<u>38,778,503</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 3/2/2023 and signed by;



**Mark Gakuru HSC**  
**Official Receiver**



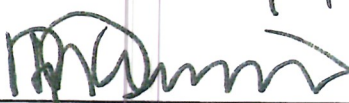
**CPA Erastus Mbalu**  
**Deputy Director Finance &Accounts**  
**ICPAK NO. 6469**

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**10. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and cash Equivalents</b>			
Bank Balances	7	145,123,830	81,036,760
Short term deposits	8	0	38,400,000
Treasury Bills	9	322,020,490	322,362,981
<b>Total cash and cash equivalents</b>		<b><u>467,144,320</u></b>	<b><u>441,799,741</u></b>
<b>Current Assets</b>			
Receivables	10	<u>127,726,843</u>	<u>127,726,843</u>
<b>TOTAL FINANCIAL ASSETS</b>		<b>594,871,163</b>	<b>569,526,584</b>
<b>NET FINANCIAL ASSETS</b>		<b>594,871,163</b>	<b>569,526,584</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	11	<b>569,526,584</b>	<b>530,748,081</b>
Surplus/Deficit for the year		25,344,579	38,778,503
<b>NET FINANCIAL POSITION</b>		<b><u>594,871,163</u></b>	<b><u>569,526,584</u></b>

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 3/2/2023 and signed by;



**Mark Gakuru HSC**  
**Official Receiver**



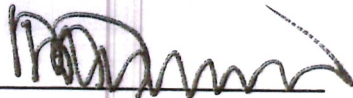
**CPA Erastus Mbalu**  
**Deputy Director Finance &Accounts**  
**ICPAK NO. 6469**

**11. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE,2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Other Receipts	1	114,189,281	85,764,920
<b>Total Receipts</b>		<b><u>114,189,281</u></b>	<b><u>85,764,920</u></b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	6,463,081	5,650,743
Use of goods and services	3	72,422,908	36,362,005
Transfer to other Government Units	4	2,796,482	1,656,375
Other payments	5	2,345,231	2,713,694
<b>Total Payments</b>		<b><u>84,027,702</u></b>	<b><u>46,382,817</u></b>
<b>Net Cash flow from operating activities</b>		<b>30,161,579</b>	<b>39,382,103</b>
<b>Cash flow From Investing Activities</b>			
Acquisition of assets	6	(4,817,000)	(603,600)
<b>Net Cash Flows from Investing Activities</b>		<b>(4,817,000)</b>	<b>(603,600)</b>
Net decrease in cash and cash equivalent		<b>25,344,579</b>	<b>38,778,503</b>
Cash and cash equivalent at the start of the year		441,799,741	403,021,238
Cash and cash equivalent at the end of the year		<b>467,144,320</b>	<b>441,799,741</b>

**BUSINESS REGISTRATION SERVICE  
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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 3/21 2023 and signed by:



**Mark Gakuru HSC  
Official Receiver**



**CPA Erastus Mbalu  
Deputy Director Finance &Accounts  
ICPAK NO. 6489**

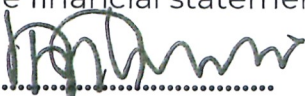
BUSINESS REGISTRATION SERVICE  
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**12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FY2021/2022**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other receipts	0	0	0	114,189,281	(114,189,281)	0
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,189,281</b>	<b>(114,189,281)</b>	<b>0</b>
<b>Payments</b>						
Compensation of employees	0	0	0	6,463,081	6,463,081	0
Use of goods and services	0	0	0	72,422,908	72,686,709	0
Transfers to other government entities	0	0	0	2,796,482	2,796,482	0
Other Expenses	0	0	0	2,345,231	2,345,231	0
Acquisition of assets	0	0	0	4,817,000	4,817,000	0
<b>Total Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88,844,702</b>	<b>88,844,702</b>	<b>0</b>
<b>Surplus/ Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,344,579</b>	<b>25,344,579</b>	<b>0</b>

The Official Receiver does not have a budget since its activities mainly rely on court matters which is difficult to determine when they will be concluded

The financial statements were approved on 3/21 2023 and signed by:



**MARK GAKURU HSC**  
 Official Receiver



**CPA Erastus Mbalu**  
 Deputy Director  
 Finance &Accounts  
 ICPAK NO. 6469

BUSINESS REGISTRATION SERVICE  
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12 (a) Summary Statement of Appropriation: Recurrent for FY2021/2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Other receipts	0	0	0	114,189,281	(114,189,281)	0
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,189,281</b>	<b>(114,189,281)</b>	<b>0</b>
<b>Payments</b>						
Compensation of employees	0	0	0	6,463,081	(6,463,081)	0
Use of goods and services	0	0	0	72,422,908	(72,422,908)	0
Transfers to other Government entities	0	0	0	2,796,482	(2,796,482)	0
Acquisition of assets	0	0	0	4,817,000	(4,817,000)	0
Other payments	0	0	0	2,345,231	(2,345,231)	0
<b>Total Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88,844,702</b>	<b>(88,844,702)</b>	<b>0</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,344,579</b>	<b>(25,344,579)</b>	<b>0</b>

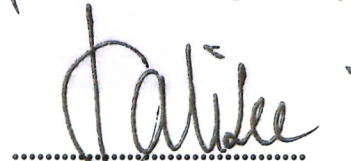
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The Official Receiver does not have a budget since its activities mainly rely on court matters which is difficult to determine when they will be concluded.

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.....  
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**Official Receiver**



.....  
**CPA Erastus Mbalu**  
**Deputy Director**  
**Finance &Accounts**  
**ICPAK NO. 6469**

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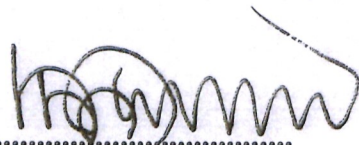
**12 (b) Summary Statement of Appropriation: Development for FY2021/2022**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Other receipts	0	0	0	0	0	0
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>						
Compensation of employees	0	0	0	0	0	0
Use of goods and services	0	0	0	0	0	0
Transfers to other Government entity	0	0	0	0	0	0
Other grants and transfers	0	0	0	0	0	0
Acquisition of assets	0	0	0	0	0	0
Other payments	0	0	0	0	0	0
<b>Total Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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There was no development budget for the official receiver in the FY 2021/2022.

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.....  
**MARK GAKURU HSC**  
Official Receiver



.....  
**CPA ERASTUS MBALU**  
Deputy Director  
Finance &Accounts  
ICPAK NO. 6469

### **13. 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.

## **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 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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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, imprests 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 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2022.

## 14. NOTES TO THE FINANCIAL STATEMENTS

### 1. Other Receipts

	2021-2022	2020-2021
	Kshs.	Kshs.
Interest received	35,653,663	15,292,510
Dividends	16,250	65,000
Other receipts/Deposits	78,519,368	70,407,410
<b>TOTAL</b>	<b>114,189,281</b>	<b>85,764,920</b>

Dividends are earned from the ADB board where the Official Receiver sits as a board member.

Other Revenues /receipts for FY 2021/2022 increased compared to FY 2020/2021.

### 2. Compensation of employees

	2021-2022	2020-2021
	Kshs.	Kshs.
Salaries and wages	6,463,081	5,650,743
<b>TOTAL</b>	<b>6,463,081</b>	<b>5,650,743</b>

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**NOTES TO THE FINANCIAL STATEMENTS(Continued)**

**3. Use of Goods and Services**

	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Utilities, Supplies & Services	28,000	2,658,729
Communication, Supplies & Services	63,000	60,000
Domestic travel & Subsistence	11,944,268	7,181,140
Foreign travel & Subsistence	0	0
Printing, advertising & Information services	2,535,460	899,099
Fuel and other lubricants	45,000	0
Training	0	0
Hospitality Supplies & Services	2,500	226,330
Conference and Delegation	793,200	565,000
Insurance costs and valuation	91,672	47,463
Specialized services/Security services	0	0
Office and General Supplies	1,876,324	2,870,000
Other Operating Expenses	1,436,472	704,192
Postal Services	369,450	29,650
Discharged Files	52,874,444	20,695,260
Maintenance of Motor Vehicles	335,918	413,942
Maintenance of other assets	16,000	0
Membership to Professional bodies	11,200	11,200
<b>TOTAL</b>	<b><u>72,422,908</u></b>	<b><u>36,362,005</u></b>

Advertising costs in the FY 2021/22 was high compared to FY 2020/21, due to printing works that was sponsored by the Official Receiver department to assist

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**NOTES TO THE FINANCIAL STATEMENTS(Continued)**

BRS to showcase their services during the Governor's conference meeting which was held in Makueni in the financial year.

Domestic travel was high in the financial year 2021/22 compared to the FY 2020/21 due to many travels undertaken by state counsels on official duties.

The number of the discharged files increased in the FY 2021/2022 compared to FY 2020/2022.

**4.Transfer to other government units**

	2021-2022	2020-2021
	Kshs.	Kshs.
KCB Revenue Account	2,796,482	1,656,375
<b>TOTAL</b>	<b><u>2,796,482</u></b>	<b><u>1,656,375</u></b>

The transfer done from the National Bank accounts amounted to Kshs. 2,796,482 while the total revenue collected by the Official Receiver was Kshs. 2,901,072. The difference of Kshs. 104,590 was banked directly to the Kenya Commercial bank revenue collection account.

**5.Other payments**

	2021-2022	2020-2021
	Kshs.	Kshs.
Creditors	41,000	0
Tax paid/WHT	2,276,801	2,665,949
Bank charges	27,430	47,745
<b>TOTAL</b>	<b><u>2,345,231</u></b>	<b><u>2,713,694</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS(Continued)**

The tax expense relates to the short term and treasury bills withholding taxes charged at source.

**6.Acquisition of assets (non-financial assets)**

		2021-2022	2020-2021
		Kshs	Kshs
	Purchase of Cabinets	0	<b>603,600</b>
	Partitioning	0	0
	Purchase of Motor vehicle	4,817,000	0
	<b>TOTAL</b>	<b><u>4,817,000</u></b>	<b><u>603,600</u></b>

**7.Bank Accounts**

NO.	ACCOUNT NAME	2021/2022	2020/2021
		Kshs	Kshs
I.	Bankruptcy Estate Fund	32,667,348	12,424,285
II.	Bankruptcy Contingency Fund	13,152,096	6,701,401
III.	Bankruptcy Investment Income Fund	0	0
IV.	Companies Liquidation	69,248,008	49,504,111
V.	Companies Contingency Fund	2,671,320	1,240,559
VI.	Companies Investment Income Fund	41,859	43,479
VII.	Rural Urban Credit Finance	4,506,765	511,201
VIII.	Continental Credit Finance Ltd	1,132,571	459,238
IX.	Capital Finance Ltd	83,630	84,950
X.	Pioneer Building Society	48,478	66,408
XI.	Matatu Vehicles Owners Association	1,720,048	195,350
XII.	Kenya National Assurance Co. Ltd	8,744,447	6,813,015

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	ACCOUNT NAME	2021/2022	2020/2021
XIII.	E.A Bag & Cordage	1,485,537	63,499
XIV.	Kenya Project & Investment Ltd	816,002	805,152
XV.	Tropical Building society	1,121,309	109,543
XVI.	Ken-Ren Chemicals Fertilizers	5,405,842	138,576
XVII.	Nyakio Investments Ltd	8,896	8,716
VIII.	Bankruptcy Estate Fund (M)	130,185	82,185
XIX.	Bankruptcy Estate Fund (K)	260,425	937,887
XX.	Company Liquidation (M)	1,879,064	847,205
	<b>TOTAL</b>	<b>145,123,830</b>	<b>81,036,760</b>

In FY 2021/2022, the amount of bank balances was higher than the FY 2020/2021 because more investments had matured as at 30<sup>th</sup> June 2022.

**8. Cash Equivalents (Short-Term Deposits)**

NO	ACCOUNT NAME	2021/2022	2020/2021
		Kshs.	Kshs.
i.	Bankruptcy Estate Fund	0	20,000,000
ii.	Bankruptcy Contingency Fund	0	0
iii.	Bankruptcy Investment Income Fund	0	0
iv.	Companies Liquidation	0	2,500,000
v.	Companies Contingency Fund	0	0
vi.	Companies Investment Income Fund	0	0
vii.	Rural Urban Credit Finance	0	3,000,000
viii.	Continental Credit Finance Ltd	0	3,000,000
ix.	Capital Finance Ltd	0	0
x.	Pioneer Building Society	0	0
xi.	Matatu Vehicles Owners Association	0	1,500,000

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NO	ACCOUNT NAME	2021/2022	2020/2021
		Kshs.	Kshs.
xii.	Kenya National Assurance Co. Ltd	0	0
xiii.	E.A Bag & Cordage	0	1,400,000
xiv.	Kenya Project & Investment Ltd	0	0
xv.	Tropical Building society	0	1,000,000
xvi.	Ken-Ren Chemicals & Fertilizers	0	5,000,000
xvii.	Nyakio Investments Ltd	0	0
xviii.	Bankruptcy Estate Fund(M)	0	0
xix	Bankruptcy Estate Fund (K)	0	0
Xx	Company Liquidation (M)	0	1,000,000
	<b>TOTAL</b>	<b>0</b>	<b>38,400,000</b>

At the end of FY 2021/2022, there was no investment in fixed deposits since they had matured by 30<sup>th</sup> June 2022.

### 9. Treasury Bills

NO	ACCOUNT NAME	2021/2022	2020/2021
		Kshs.	Kshs.
	Bankruptcy Estate Fund	228,218,725	228,461,452
	Continental Credit Finance Ltd	0	0
	Ken-Ren Chemicals & Fertilizers	93,801,765	93,901,529
	<b>TOTAL</b>	<b>322,020,490</b>	<b>322,362,981</b>

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**NOTES TO THE FINANCIAL STATEMENTS(Continued)**

**10.Receivables**

		2021/2022	2020/2021
		Kshs.	Kshs.
	Consolidated bank (Shares)	86,644,260	86,644,260
	Deposit Protection Board	41,082,583	41,082,583
	<b>TOTAL</b>	<b><u>127,726,843</u></b>	<b><u>127,726,843</u></b>

The receivable held at KDIC and consolidated bank of Kshs. 127,726,843 is held on behalf of the creditors

**11.Fund Balance**

		2021/2022	2020/2021
		Kshs.	Kshs.
	Bank accounts	145,123,830	81,036,760
	Cash equivalent	322,020,490	360,762,981
	Receivables	127,726,843	127,726,843
	<b>TOTAL</b>	<b><u>594,871,163</u></b>	<b><u>569,526,584</u></b>

Fund balance of Kshs. 594,881,163 is an amount held in trust by the official receiver on behalf of the creditors.

## 15.PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

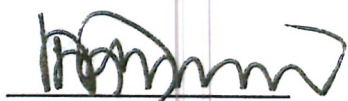
The following is the summary of issues raised by the External Auditor and Management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
Other Matters 1.Non-compliance with reporting templates and guidelines	The summary of recurrent, development and combined together was not prepared	The same was incorporated in the financial statement as required.	Erastus Mbalu Deputy Director Finance and Accounts	Resolved (Section 9)	Awaiting to appear in Parliament
2.Lack of Fixed Asset Register	Official Receiver Assets were not tagged.	Tagging of all the Official Receiver Assets shall take place in the FY 2022/2023.	Idy Pembere Senior supply chain officer.	Unresolved	Awaiting to appear in Parliament.

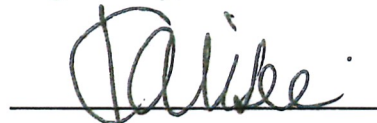
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3. Payment for goods and services from unregistered suppliers	Lack of prequalified list of suppliers	Official Receiver relied on the prequalified list of the line ministry in the year under review. However, BRS has a valid prequalified list in the FY 2022/2023.	Idy Pembere Senior Supply Chain Officer.	Unresolved	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 3/2/2023 and signed by;



**Mark Gakuru HSC  
Official Receiver**



**CPA Erastus Mbalu  
Deputy Director Finance & Accounts  
ICPAK NO. 6469**

## 16. APPENDIX

### Summary of Fixed Asset Register

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2020/2021</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) 2021/22</b>
Motor Vehicle		4,817,000	0	0	4,817,000
Office equipment, furniture and fittings	4,863,060	0	0	0	4,863,060
ICT Equipment	497,000	0	0	0	497,000
<b>Total</b>	<b>5,360,060</b>	<b>4,817,000</b>	<b>0</b>	<b>0</b>	<b>10,177,060</b>