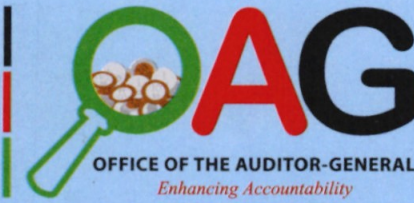


REPUBLIC OF KENYA

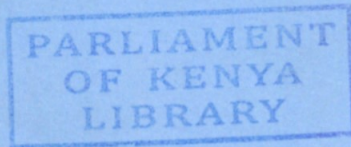


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

BUSINESS REGISTRATION SERVICE

**FOR THE YEAR ENDED
30 JUNE, 2025**



BUSINESS REGISTRATION SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Business Registration Service
Annual Report and Financial Statements
for the year ended June 30, 2025

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

BRS	Business Registration service
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
WB	World Bank
IMF	International monetary fund
CLG	Companies Limited by Guarantee
LLP	Limited Liability Company
KIPPRA	Kenya Institute for Public Policy Research and Analysis
LSK	Law Society of Kenya
ICS	Institute of Certified Secretaries
KRA	Kenya Revenue Authority
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
KEPSA	Kenya Private Sector Alliance

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Business Registration Service is a State Corporation established to administer policies, laws and other matters relating to the registration of Companies, partnerships and firms, and corporations carrying on business under a business name, bankruptcy, hire-purchase, and security rights (Section 4(1) of BRS Act, 2015). This role is critical in improving the ease of doing business in Kenya and economic growth at large. This huge mandate bestowed on the Service requires that it operates in a strategic and focused manner. The recent Strategic Plan 2023-2027 provides the roadmap for the implementation and coordination of the policies, laws and different players involved in ease of doing business.

The Business Registration Service (BRS), is the sole custodian of a list of all companies and information for entities registered in Kenya and maintains registers, data and records on registrations carried out by the Service in a central database. In the FY 2023-2024, the Business Registration Service (BRS) acquired an additional registry, The Trustee (Perpetual Succession) Registry from the ministry of lands. With this new mandate, much is expected from the service in ensuring the registry runs along other registries within with an optimal customer satisfaction through service delivery. BRS has not only adopted the concept of “moving data to people” but also “putting people first” and serving the people in a better, faster and in a more responsive manner.

The Service is governed by Board of Directors who are responsible for the strategic direction and ensuring Doing business is made easier. The service is however fully guided by Acts in place and the approved policies.

BRS is domiciled at the 316 Upper Hill Chambers. It is situated on the 16th and 17th floor.

(b) Principal Activities

The Business Registration Service is a State Corporation established to administer policies, laws and other matters relating to the registration of Companies, registration of trusts, partnerships and firms, and corporations carrying on business under a business name, bankruptcy, hire-purchase, and security rights (Section 4(1) of BRS Act, 2015). This role is critical in improving the ease of doing business in Kenya and economic growth at large. This huge mandate bestowed on the Service requires that it operates in a strategic and focused manner. Therefore, the BRS Strategic Plan provides the roadmap for the implementation and coordination of the policies, laws and different players involved in ease of doing business.

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In the FY 2023-2024, the Service was given an additional mandate to manage the Trustee (Perpetual Succession) Registry. This new responsibility further expanded the Service's role in overseeing the registration and regulation of trusts, enhancing its governance and administrative functions.

(i) VISION

Doing business made easier.

(ii) MISSION

Provide responsive business services to our customers by providing efficient business registration, facilitate access to credit, and effective insolvency system for business growth and stability

(iii) CORE VALUES

The service has centered its service delivery under six main core values. Customer Centricity; Integrity; Collaboration; Innovation; Transparency and accountability

(iv) Mandate

Business Registration Service (BRS) is mandated to oversee the operations of the Companies Registry, Trustee (Perpetual Succession) Registry, Movable Property Security Rights Registry (Collateral Registry), Insolvency (Official Receivers) Registry and the Hire Purchase Registry:

Notwithstanding the generality of the mandate stated above the Service;

- a) Carries out all registrations required under the BRS 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;
- e) Collaborates with other state agencies for the effective discharge of its functions;
- f) Charges fees for any service performed by the Service; and
- g) Performs such other functions as may be necessary under the BRS Act.

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(v) STRATEGIC OBJECTIVES

- i. To promote business stability and growth.
- ii. To optimize value of data.
- iii. To improve service delivery.

(c) Key Management

The BRS day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors/ Council/ Management etc;	Board Members
2.	Director General	Mr. Kenneth Gathuma
3.	Head of Corporate Services	Mr. Jones Otuke
4	Official Receiver	Mr. Mark Gakuru
5	Registrar of Companies	Ms. Damaris Lukwo
6	Head of Legal, Research & Compliance	Ms Doris Wambugu
7	Head of Finance and Accounts	CPA Erastus K. Mbalu

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Mr. Kenneth Gathuma
2.	Head of Corporate Services	Mr. Jones Otuke
3	Official Receiver	Mr. Mark Gakuru
4	Registrar of Companies	Ms. Joyce Koech
5	Head of Legal, Research & Compliance	Ms Doris Wambugu
6	Head of Finance & Accounts	CPA Erastus K. Mbalu
7	Head of Human Resource & Administration	Dr. Shapayah Yusuf Saleh
8	Head of MPSR & Hire Purchase	Ms Shighadi Mwakio
9	Supply Chain Management Officer	Ms. Sarah Kingi
10	Corporation Secretary	Ms. Debra Ajwang
11	Internal Auditor	CPA. William M. Njeru

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Board has established the 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 are to oversee, advise and provide assurance by making appropriate recommendations to the Board on the non-financial and financial matters, including the effectiveness of the internal control system, risk management and governance processes. The Committee is also responsible for evaluating 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 and financial strategies including policy and procedures, track and review the performance of staff members, consider annual 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 consider, advise and make appropriate recommendations to the Board on all aspects of compliance and risk management. The Committee oversees and makes appropriate recommendations to the Board on implementation of effective processes and systems of compliance and risk management in the Service.

iv. The Technical and strategy Committee

The principal responsibilities of the Committee are to oversee, advise and make appropriate recommendations to the Board on implementation of the strategic plan, strategies and policies and advise the Board on any significant changes and emerging trends in the organisation's operating environment.

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(f) Business Registration Service (BRS) Headquarters

Business Registration Service
17th Floor, 316 Upper Hill Chambers,
2nd Ngong Avenue,
P. O. Box 30404-00100
Nairobi, Kenya

(g) Business Registration Service Contacts

Telephone: 011 112 7000
E-mail: eo@brs.go.ke
Website: www.brs.go.ke

(h) Business Registration Service Bankers

Kenya Commercial Bank LTD.
Branch: KCB MOI AVENUE-4001
Account No.: 1184110735
Telephone: (254) 20244939
FAX: 20244939
Website: www.kcb.go.ke

Kenya Commercial Bank LTD.
Branch: KCB KICC
Account No.: 1300691360
Telephone: (254) 20244939
FAX: 20244939
Website: www.kcb.go.ke

(i) Independent Auditors

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

(j) Principal Legal Advisers

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

3. The Board of Directors



Mr. Hamisi Mwaguya
Chairperson of the
Board

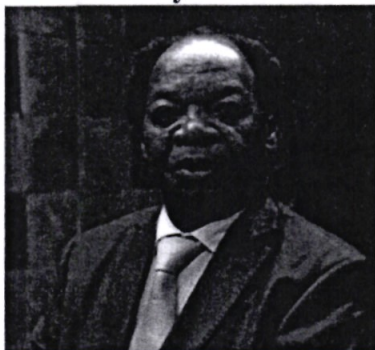
Hamisi Mwaguya is a seasoned Development Economist with over 20 years of experience spanning both the public and private sectors. He has held key positions in government and worked in several multinational corporations in the shipping and maritime industries.

He brings a wealth of expertise in policy development, economic planning, and strategic development. Mr. Mwaguya has played a pivotal role in shaping economic policy, having previously served as County Secretary and County Executive for Trade and Investments for the Government of Mombasa County.

In 2018, he led a landmark research study in collaboration with the University of Nairobi, assessing the socio-economic impact of the Standard Gauge Railway (SGR) on the growth of Mombasa and its environs. The study sparked a national discourse and influenced critical policy adjustments. His extensive contributions to national development include serving on various economic and infrastructure committees, including urban roads committee, national economic stimulus programs, and key local development initiatives. He has also served as a Board Member of the Kenya National Trading Corporation and, in 2022, was appointed Chairperson of the Kenya Maritime Authority.

Mr. Mwaguya holds a Bachelor of Arts (Economics & Management) degree from Moi University, Eldoret, and a postgraduate qualification in Local and Regional Economic Development from Dundee University, Scotland. Beyond his professional career, he is deeply committed to community development. He actively supports aquaculture projects, youth sports initiatives, and programs for orphans. Additionally, he is a co-founder of the East African Ocean Festival (TEAOF), an initiative that fosters collaboration among stakeholders to promote ocean sports, sustainable waterfront development, and marine conservation programs.

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**Justice (Rtd) Erastus
Githinji CBS EBS
(Chairperson)
LL.B.(UON) CS
(Company Secretary)**

Born in 1949, Justice (Rtd) Erastus Githinji CBS EBS 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 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 CBS EBS, was a member and later Chairperson of Judicial Code of Conduct and Ethics which developed the current code for the entire Judiciary; he was a 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 Honours:

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

He holds a Bachelor of Laws Degree from the University of Nairobi and is an advocate of the High Court of Kenya.

He retired from the BRS board on 6th October, 2024



**Ms. Njeri Wachira
MBS, EBS (Alternate to
the Solicitor General)**

Born on 30th 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 MBS is currently the Deputy Solicitor General and Heads, 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.

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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.

Njeri MBS 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 Company, and the Betting Control and Licensing Board.

Njeri MBS 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 MBS 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 MBS 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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**PS, LLB, CPA, CPS,
CIFA, CFE, Abubakar
Hassan
Principal Secretary
State Department for
Investment
Promotion, Ministry of
Investment, Trade and
Industry
(Member)**

PS Abubakar Hassan is a holder of Masters in Financial Services Law (Project ongoing), Masters of Business Administration (Strategic Management) and a Bachelor's Degree in Law all from the University of Nairobi.

He is an Advocate of the High Court of Kenya, Certified Public Accountant, Certified Public Secretary, Certified Fraud Examiner, Certified Investment & Financial Analysts and holds a Certification in the Management of Banking Risks. He is a member of the following professional bodies; Law Society of Kenya (LSK), Institute of Certified Public Secretaries of Kenya (ICPSK), and Institute of Certified, Investment and Financial Analysts (ICIFA).

From his background in law, finance and investment, he has wide experience in facilitating and mobilization of capital, allocation of the said capital into productive areas of the economy and protection of the investors' interests.

Prior to appointment as Principal Secretary in December 2022, he was the Director Market Operations at Capital Market Authority. He was in charge of market oversight and investors' confidence.

PS Abubakar is committed to steer upwards investments (both Foreign and Domestic) into the Kenyan economy.



**Mr. Faraj Mansur
(Member)**

Born on 24th October 1970, Mr. Faraj Mansur is a Serial Tech-primeur 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.

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He was a member of the Core Committee that developed the National Export Strategy paper in 2003 and a founding member of the Kenya Private Sector Alliance Committee. He was first appointed as Business Registration Board member on 28th October 2021 and chairs the Human Resource and Finance Committee.

He retired from the BRS board on 6th October, 2024



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

Born on 17th July 1966, Ms Josephine Waruguru Kanyi is a Senior Deputy Director in the National Treasury Budget Fiscal and Economic Affairs in the Department of Intergovernmental Fiscal Relations.

She holds a Bachelor's Degree and Master's Degree in Economics from the University of Nairobi. In addition, she has Diploma in Contemporary Public Administration Management from Galilee International Management Institute, Israel.

She 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 Harvard University USA & Macro Economic Diagnostics at the IMF Institute in the USA.

She also serves as a Board Member at:

1. National Construction Authority(NCA) and
2. National Government Constituencies Development Fund(NG-CDF).

She has previously served on the:

1. Kaimosi Friends University Council
2. Kenya Institute of Public Policy and Research Analysis(KIPPRA)
3. Kenya Hotel Properties Ltd(KHPL) Company
4. Kenya Vehicles Manufacturers Board; and
5. Local Advisory Transfer Fund (LATF) Advisory Board.

She was first appointed as a Business Registration Service Board member on 10th May 2017.

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Ms. Winnie Nyambok
(Alternate to the
Principal Secretary
State Department for
Investment
Promotion, Ministry of
Investment, Trade and
Industry)

Born on 18th Feb 1984, Winnie Nyambok is an accomplished Economist with 14 years' extensive experience within the public sector.

Presently, she is actively involved in the dynamic landscape of business climate reforms at the State Department for Investment Promotion under Ministry of Investments, Trade and Industry. In her previous roles, Ms. Nyambok was an Assistant Director at the Ministry of East African Community & Regional Development where she played a pivotal role in shaping several business reforms.

Additionally, she served as a Senior Economist at the National Treasury providing valuable technical advisory on Financial and Sectoral affairs. Ms. Nyambok is pursuing her PhD in Economics at the University of Nairobi and holds a Master of Arts (Economics) and Bachelor of Arts in Economics; both from the University of Nairobi. She is passionate about economic modelling and analysis and is a member of the Economists Society of Kenya (ESK)



Mr. Alex Muchira

Born on 20th January 1986, Alex is a Partner in the Corporate & Commercial Department at CMS Daly Inamdar Advocates. He also heads the Company Secretarial & Immigration Departments. He is qualified as a Kenyan Advocate and is a practicing Certified Public Secretary. Alex's experience spans over 10 years.

He provides clients with specialist advice on matters relating Corporate Law, Corporate Governance, Company Secretarial, Regulatory & Compliance and Immigration Law.

He has substantial experience in Commercial, Corporate M&A, Foreign Direct Investments. Alex has been involved in various local and international transactions in the information communications & technology, insurance, consumer products, development funds and microfinance sectors.

He also represents the secretarial division as a Certified Public Secretary for various prominent national and multinational companies. Memberships & Roles - Law Society of Kenya - Institute of Certified Public Secretaries (Kenya) - Institute of Directors (Kenya) Education 2009 - Institute of Certified Public Secretaries of

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Kenya 2010 – Kenya Institute of Management, DBA2011 – University of Nairobi, LLB (Hons) 2012 – Kenya School of Law, Advocates Training Programme 2018 – United States International University (Africa), MBA and was appointed as a Board Member on 17th May 2024.



Ms. Emily Mworia

Born on 7th Feb 1959, Emily Mworia is a strategic communications specialist with a wide experience in both private and public sectors having worked as a communications consultant, as well as an employee in senior positions for more than 15 years.

Emily possesses both local and international work experience and has a passion in building partnerships and networks for sustainable change. Emily holds a Global Executive Masters in Business Administration (MBA) from the United States International University, Post Graduate Diploma in Mass Communication and Bachelor of Arts Degree from the University of Nairobi.

She is a member of the Kenya Association of Professional Fundraisers, Public Relations Society of Kenya, Child Protection Committee, Amref Kenya, Chairperson transport Committee, Amref Kenya, Secretary, Fair-Acres Neighbourhood Association and the Chairperson of St. Luke's Methodist Church-Karen from 2017 to 2023.

She was appointed as a board member on 28th July 2022.



Mr. Solomon Osundwa
Member

Solomon is the Group Chief Operating Officer of Hass Petroleum. He has a wealth of experience in Senior Management having served as the Regional Director of VTTI, Managing Director of Nissan Kenya, Manager at Kenol Kobil, Caltex and Unilever. He also sits on many Boards in the Private Sector including Bible Translation Limited, Petroleum Institute of East Africa, Shalom Hospitals, Talentplex Holdings and Twenty Talents Limited. Solomon is the immediate former Chairman of the Elder's Court at Nairobi Baptist Church.

He has a Bachelor of Commerce Degree from the University of Nairobi, an MBA in International Business from the same institution and also studied Strategic Management at Harvard Business School

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**Mr. Wilfred Nyamu
Mati**

Born on 30th April, 1969, Wilfred Nyamu Mati is an Advocate of the High Court of Kenya having practiced for over 20 years where he is a senior partner in the firm of Nyamu & Nyamu Company Advocates LLP.

He has specialized in Commercial, Constitutional, Civil Law and also public interest Litigation. Upon promulgation of the Constitution of Kenya, 2010 introducing Devolution, Wilfred Nyamu Mati Advocate helped develop Jurisprudence in devolution law where he served as part of the legal team identified by the Council of Governors to shape the legal framework on the County Government system.

Wilfred Nyamu Mati Advocate is a member of the ~~list~~ of Certified Public Secretaries of Kenya (ICPSK). He has served in various boards including the TIVET where he became the pioneer chairperson of ~~the~~ board of management at Tseikuru Technical Training Institute, in Kitui county for two three -year term between 2016 to 2022.

In the year 2008, Wilfred Nyamu Mati served as Counsel to the Commission appointed by H.E President Mwai Kibaki to investigate the controversial sale of the Grand Regency Hotel, chaired by Hon. Chief Justice (retired) Madjid Cockar.

Prior to entering the legal practice, Wilfred Nyamu ~~Mati~~ worked in the NGO Sector where he was engaged in advocacy on labour law reforms meant to improve worker's conditions in Kenya and to enhance democracy in the labour sector. This paved way to the overhaul of labour regulations in Kenya in the year 2007.

He is currently also Chairperson of the Centre for Human Rights Civil Education NGO working in the Lower Eastern counties of Kitui, Makueni, Machakos and Tharaka Nithi.

In the year 2013, Wilfred Nyamu Mati was appointed member of committee on the development of the rules of procedure for Standards Tribunal representing the Law Society of Kenya and in 2015, he served in the Committee on the drafting of Broadcasting Regulations meant to guide broadcasting carriers.

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Mr. Kenneth Gathuma
HSC
Director General

Born on 4th April 1980, Mr. Kenneth Gathuma HSC 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 and a postgraduate diploma from Kenya School of Law.



Ms. Debra Ajwang
Corporation secretary

Born on 10th October 1980, Debra has served as a Legal Manager & Company Secretarial officer in top tier Banks in Kenya, notably Absa, Kenya Commercial Bank, Co-operative Bank, Family Bank and UBA Bank, where she has a demonstrable track record in litigation management and strategy, contract management, securities, legal and regulatory compliance, advisory and support, alternative dispute resolution, people management, multicultural & diversity management.

She has handled complex financial transactions, syndications and insolvency matters notably Athi River Mining and Nakumatt.

As a Company Secretary and accredited Governance Auditor, she has developed expertise in Board advisory, Board evaluations, Board Induction, Governance Audits and training and general Board Management. She is also a part time lecturer teaching Advanced Company Secretarial & Corporate Governance and also serves on a few boards on a voluntary basis – ACT Kenya, Precious Sisters Kenya, Youth Hub Africa and Precious Blood Secondary School Alumni Association and therefore has a multifaceted and practical approach to corporate governance. She also serves on the recently established Nairobi Financial Centre Tribunal.

4. Key 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. Damaris Lukwo,
OGW
Ag. Registrar of
Companies**

Damaris Lukwo, OGW, serves as the Acting Registrar of Companies. Her responsibilities include overseeing company registration and regulation, maintaining secure registry records, and ensuring compliance with statutory filing obligations to promote corporate transparency and accountability.

With over 15 years of legal experience, Ms. Lukwo has built a distinguished career in government advisory roles. Before her appointment in April 2025, she served as a Senior Legal Advisor at the Ministry of Interior and National Administration providing strategic legal counsel on complex legal and intergovernmental matters

Her expertise includes extensive practical experience in international law and diplomatic negotiations. Earlier in her career, she held the position of Senior Legal Researcher at the Court of Appeal, contributing to landmark jurisprudence through in-depth legal research and drafting. She also practiced law at the firm of Migos Ogamba & Company Advocates.

Ms. Lukwo holds a Bachelor of Laws degree (LL.B.) from Moi University, a Postgraduate Diploma in Law from the Kenya School of Law, and a Master's degree in International Conflict Management from the University of Nairobi. She is currently pursuing a Ph.D. in Law at the University of Nairobi.



**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.

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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.



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.

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Mr. Paul Kariuki
Director ICT

Mr. Paul Kariuki is the Director Information Communication & Technology. His mandate is to oversee the overall formulation and implementation of the Services ICT strategy, development of the Information technology and Communication systems and management of the ICT security at the Service.

Paul is a highly experienced ICT specialist and solutions architect with a strong technical foundation. He holds a First-Class Honours degree in Information Technology from Ndejje University, and an MSc in Data Communications, along with multiple industry certifications.

He has over 12 years of professional experience; eight of which have been spent within the World Bank Group playing a lead digital development role as a consultant supporting governments in Sub-Saharan Africa and Asia, to adopt and implement technology for the creation of markets, business environment and economy-wide reforms through the provision of enhanced services for businesses (G2B) and citizens (G2C).

Some of the countries Paul has worked in while at the World Bank Group include the Maldives, Sierra Leone, Nigeria, Kenya, Tanzania, Somalia, Somaliland, and Liberia.

He also served as the Ag. Director ICT, and university lecturer at Karatina University, where he trained and mentored computer science students for 5 years. Paul also taught at Dedan Kimathi University of Technology and Kirinyaga University as an adjunct faculty member. He is a member of the ICT Association of Kenya

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CPA William M. Njeru,
CISA
Director Internal Audit

CPA William M. Njeru-CISA is a financial and Information Systems assurance professional with over 14 years' experience in auditing, accounting, risk management and governance. He holds a Bachelor of Commerce (Finance) and currently pursuing a Masters in Economics at Moi University, Kenya. He is also a Certified Public Accountant, Certified Information System Auditor (CISA) and a Certified Internal Audit Quality Assessor.

Currently, William is serving as the Director Internal Audit at Business Registration Service, a state corporation under the Office of Attorney General and Department of Justice. He operationalized and heads the Internal Audit department at BRS since October 2020.

He has served in other capacities, as an accountant, internal auditor and consultant, in the private sector, Non-Governmental Organizations and the public sector. He has worked in various organization, which includes, among others, the Numerical Machining complex, MGK consulting and Kenya Women Microfinance Bank, where he gained substantial experience in accounting and finance, internal auditing, system assurance, risk management, governance and policies formulation and review processes.

William is a registered member, in good standing, with institute of Certified Public Accountants of Kenya (ICPAK), the Information Systems Audit and Control Association (ISACA) and the Institute of Internal Auditors (IIA).

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**Dr. Shapayah Yusuf
Saleh**

**Deputy Director HR &
Administration**

Dr. Shapayah 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. Adept at designing and implementing strategies that promote social equity, inclusivity, and sustainable growth within organizations and communities. Strong background in stakeholder engagement, project management, and impact assessment, with a proven track record of fostering partnerships that address environmental and social challenges.

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. Dr. Shapayah holds a Doctoral degree in strategic management, master's degree in business Administration and a bachelor of science in International Business Administration.



**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. Debra Ajwang
Corporation secretary

Debra has served as a Legal Manager & Company Secretarial professional in top tier Banks in Kenya, notably Absa, Kenya Commercial Bank, Co-operative Bank, Family Bank and UBA Bank, where she has a demonstrable track record in litigation management and strategy, contract management, securities, legal and regulatory compliance, advisory and support, alternative dispute resolution, people management, multicultural & diversity management. She has handled complex financial transactions, syndications and insolvency matters notably Athi River Mining, Nakumatt.

As a Company Secretary and accredited Governance Auditor, she has developed expertise in Board advisory, Board evaluations, Board Induction, Governance Audits and training and general Board Management.

She is also a part time lecturer teaching Advanced Company Secretarial & Corporate Governance and also serves on a few boards on a voluntary basis – ACT Kenya, Precious Sisters Kenya, Youth Hub Africa and Precious Blood Secondary School Alumni Association and therefore has a multifaceted and practical approach to corporate governance. She also serves on the recently established Nairobi Financial Centre Tribunal



Ms. Shighadi Mwakio
HSC
Deputy 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.

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She was involved in the development of the Movable Property Security Rights Regulations, 2017, the Companies (Beneficial Ownership Information) Regulations, 2020 and the draft Partnership (Limited Partnerships) Regulations, 2020.

She has been instrumental in the Secured Transaction Legislative Reform process in Kenya from 2017. She is a member of the Task Force on National Risk Assessment on Money Laundering and Terrorism Financing and also sits in the Ease of doing business Transformation Team that has been responsible for the improvement of Kenya's standing in the World Bank Doing Business Ranking.

5. Chairman's Statement



Mr. Hamisi Mwaguya
Chairperson of the
Board

Dear Stakeholder,

On behalf of the Board of the Business Registration Service, it gives me the utmost pleasure to present to you the Service's Annual Report and Financial Statements for FY 2024/25.

The report highlights the Service's efforts to promote ease of doing business in Kenya and our financial performance.

During the year, the service continued to execute its mandate with resilience, innovation, and an absolute dedication to improving the business operating environment in Kenya, despite the numerous challenges we experienced.

The Service continued to deliver on its mandate to the citizenry in line with its strategic vision of making "doing business easier." In this pursuit the Service continued to execute the SDGs 8, 16, and 17 and medium-term objectives and the larger vision of making Kenya a newly industrialized, "middle-income country providing high-quality life for all its citizens by the year 2030."

Global and Regional Economic Context

The global economy in FY 2024/25 remained fragile amid persistent geopolitical tensions, fluctuating commodity prices, elevated inflation, and tighter monetary conditions in major economies. Global growth hovered around 3.1%, driven by cautious consumer demand and uneven recoveries across regions.

In Africa, economic growth rebounded modestly to 3.5%, with the services and industrial sectors showing signs of recovery. However, fiscal consolidation measures, foreign debt servicing burdens, and climate shocks remained significant challenges for most African governments.

Economic growth in Sub-Saharan Africa is showing some resilience despite uncertainty in the global economy and restricted fiscal space. Regional growth is expected to reach 3.5% in 2025 and further accelerate to 4.3% in 2026–2027. This growth is mainly due to increased private consumption and investments as inflation cools down and currencies stabilize. The median inflation rate in the region declined from 7.1% in 2023 to 4.5% in 2024.

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In East Africa, growth remained comparatively robust, with an estimated 5.3% rate for the region. Investments in infrastructure, an expanding service sector, and continued efforts toward regional integration supported this growth. However, inflationary pressures and currency depreciation posed headwinds.

In Kenya, data from the Quarterly Economic and Budgetary Review report by the National Treasury for Q3 FY 2024/25 shows that the economy remained strong and grew by 4.7 percent in 2024, compared to 5.7 percent in 2023. The growth in 2024, albeit slower than the previous year, was to a large extent supported by activities in agriculture, forestry and fishing, financial and insurance, transportation and storage, and real estate. Most subsectors experienced positive growth, with the exception of the construction and mining and quarrying subsectors.

The performance of the Business Registration Service

Despite these macroeconomic challenges, the Service has remained steadfast in its commitment to fostering formalization, access to credit, business rescue, and transparency.

In the Financial Year 2024/2025, the Service registered a total of 138,000 entities, representing a 1.31% increase from the previous year's 136,209 registrations. This upward trajectory underscores the growing trust in formal business structures and the continuous efforts to streamline registration processes through digital transformation.

On the revenue front, the Service marked financial excellence, where we collected the highest annual revenue ever on behalf of the government, amounting to a total of Ksh 1.311 billion, an impressive 11.09% increase from the Ksh 1.18 billion collected in FY 2023/2024. This demonstrates the Service's significant contribution to the country's annual revenue efforts, improved service uptake, enhanced operational efficiency, and increased compliance levels.

Within the insolvency framework, a total of 13 insolvency matters were closed, while 97 new insolvency proceedings were recorded, reinforcing our role in supporting business continuity and fair creditor-debtor relations.

In promoting access to credit through the Movable Property Security Rights (MPSR) Registry, we saw 127,298 initial notices and 29,075 MPSR searches

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recorded. The most frequently used forms of collateral were motor vehicles (65,957), household items (49,737), and livestock (23,686). At the lower end of utilization were negotiable instruments (34), signalling opportunities for further awareness and policy refinement in credit security instruments.

To sustain this performance, the Board is cognizant of the ever-changing macro environment, which continues to influence how the Service operates, such as the introduction of the B-Ready (new World Bank methodology of business assessment), the MTP IV, the advancement in technology, and the BETA, which calls for the Service to align strategically to support the government in delivering its agenda to the public.

Furthermore, the Board recognizes the significant advantages of strategic partnerships and collaborations with the Service. The Board commends the Service for the partnerships it has established to date with state actors, including the National Treasury, the Department of Business Transformation under the Ministry of Investments, Trade and Industry, KenInvest, KIPPRA, ICS, LSK, IPS, KRA, NHIF, and NSSF, as well as arms of government that include the National Assembly. These collaborative endeavours are steadily improving the effectiveness of public service delivery in Kenya's business environment.

The linkages with development partners continue to enhance the service performance significantly. Support from GIZ, the FSD Kenya, KEPSA, and IFC, among others, is acknowledged by the Service. For the benefit of both the Service and Kenya as a whole, the Board will persist in providing support to the Management in the establishment of new partnerships and the maintenance of existing ones.

In the future, the service will continue to leverage technology and partnerships to broaden its reach and impact, and it will capitalize on emerging trends to make doing business more convenient. The strategic plan for the medium-term period will be reviewed with a focus on the following: formalizing MSMEs, enhancing the business environment in Kenya, delivering quality services to our customers, strengthening the institutional infrastructure, automating the Official Receiver processes, launching a new system for the Company Registry, and acquiring optimal staffing levels. The e-collateral system will also be examined. IT solutions will be implemented within the service.

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Strategic Direction

During the year under review, the Board maintained a strong focus on institutional reform, service efficiency, and customer centricity. Our strategic plan continued to prioritize the five core values, namely, customer centricity, integrity, collaboration, innovation, transparency and accountability, and evidence-based practices that place the needs of citizens at the forefront of our initiatives, ensuring that services are accessible, efficient, and reliable to meet their evolving requirements.

We made considerable progress in our transformation agenda, anchored on three pillars:

- i. To promote business stability and growth
- ii. To optimize the value of data
- iii. To improve service delivery

Corporate Governance

The Board exercised prudent oversight on strategy execution, risk management, and compliance, ensuring that the Service remains accountable and performance-driven. As part of our commitment to corporate governance, the Board held quarterly meetings and ensured all statutory committees functioned effectively and independently.

Outlook

According to the International Monetary Fund, global growth is projected at 3.0 percent for 2025 and 3.1 percent in 2026, an upward revision from the April 2025 World Economic Outlook. This reflects front-loading ahead of tariffs, lower effective tariff rates, better financial conditions, and fiscal expansion in some major jurisdictions. Global inflation is expected to fall, but US inflation is predicted to stay above target. Downside risks from potentially higher tariffs, elevated uncertainty, and geopolitical tensions persist. Restoring confidence, predictability, and sustainability remains a key policy priority.

As we navigate the path forward, our focus will remain on strengthening institutional capacity, accelerating digital adoption, and enhancing service delivery across all platforms. We will also continue to work closely with our

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partners in government, the private sector, and development agencies to reinforce our mandate as a key enabler of economic growth and business sustainability.

It is crucial to recognize that our accomplishments would not have been possible without the unwavering commitment and effort of our esteemed BRS staff members, management, state and non-state actors, and development partners. Their dedication to our vision has been the driving force behind our success. I am genuinely grateful for the support and commitment they have demonstrated. I wish to assure all our stakeholders that the Board will continue to provide leadership and support to ensure the Service continues to retain its positive performance trajectory despite the ever-changing dynamics in the operating environment.

Lastly, I take this opportunity to record my sincere gratitude to all our stakeholders, especially to the Attorney General and the Solicitor General's offices for the invaluable support they have rendered to the Service during the reporting period. I also wish to appreciate my colleagues in the Board, Director General, Management, and staff of the Service for their invaluable contribution and dedication in supporting the organization's mandate. I look forward to more fruitful engagements in the new financial year as we improve the ease of doing business in Kenya.



Mr. Hamisi Mwangya
Chairperson

Business Registration Service

6. Report of the Director General



Mr. Kenneth Gathuma,
HSC Director General

This FY 2024-2025 has been a testament to the unwavering commitment and dedication of the Business Registration Service fraternity in enhancing our support to businesses in Kenya and ensuring doing business is made easier.

The strategic plan 2023–2027 is well anchored on the national transformation agenda, the Bottom-Up Economic Transformation Agenda (BETA), and the aspirations of the Fourth Medium Term Plan (MTP) and Vision 2030.

The strategic plan for 2023–2027 outlines three strategic goals, seven key result areas, and seven strategic objectives to simplify business operations. FY 2024-2025 forms the 2nd Strategic Plan implementation year. As of 30th June 2025, BRS had implemented a cumulative 31.77% of the strategic plan. However, the achievement was against the expected 40.41% proposed by the end of the 2nd year. The shortfall in implementation is a result of unexpected austerity measures by the government, leading to budget cuts that affect the execution of the strategy.

The service recently acquired the Trustee (Perpetual Succession) Registry from the Ministry of Lands at the start of the FY 2024-25. Concerted efforts have been made by the service to streamline the new mandate. So far, since its inception, 388 registrations have successfully been made with a cumulative revenue of over 5Mn.

A total of 138,000 registrations were made this FY 2024-2025, translating to a 1.31% increase in registrations from the previous year's 136,209 registrations. This was attributed to continuous system enhancements, sensitisation, and awareness of the services provided by BRS. The issue is not just about registrations. The ripple effect of registration is immense. Besides broadening the tax base to support government projects, employment opportunities are created, sustaining the livelihoods of more than two families per registered entity.

In this financial year, the service collected a total of 1.311 Bn in revenue. This was a positive increase of 11.09% from the initial 1.18 billion collected in the last year. The service has fully adopted a cashless system, and all payments are made through the E-Citizen Payment gateway.

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To optimise insolvency outcomes, the Official Receiver has continued to provide supportive services to businesses and natural individuals experiencing financial distress. During FY 2024-25, a total of 13 insolvency matters were closed and 97 new insolvency proceedings recorded.

In terms of credit access, a total of 127,298 initial notices and 29,075 MPSR searches were registered. The most preferred types of movable collateral used to secure credit were motor vehicles (65,957), household items (49,737), and livestock (23,686). The least preferred item used to secure credit was negotiable instruments (34).

In terms of operational efficiency, the service continued to demonstrate optimal resource utilisation by absorbing more than 99% of the funds allocated for the year. The service has since implemented reforms to its operations to optimise service delivery.

A video-assisted verification process was introduced to bridge the gap between the customer and the service provider. This service has significantly expedited the process of changing company particulars, particularly for clients who are unable to access the service due to difficulties with the process or for those residing in other countries where verification is required.

Certified copies were streamlined, and the service is now fully digitised. As one of the services that initially attracted walk-in customers, this service has experienced a decrease in the number of customers physically accessing the offices. The service has been fully streamlined and integrated into the online platform.

During the year, the service has been at the forefront of advocating for compliance with beneficial ownership regulations for companies. In addition to several sensitisation forums and raising awareness, the service also took the initiative to educate the public about voluntary compliance.

To promote brand visibility, the service engaged in various business expos. The service continued to utilise ICT solutions to enhance its offerings for clients. The Business Registration Service Enhancement Project has been in pursuit of ensuring all services are migrated from V1 to V2. The move means a re-engineering of all 143 services onto the new platform. The effort has improved customer interactions with the enhanced system by simplifying processes. This move has reduced related administrative costs for the organisation.

The bulk API feature continues to serve the majority of its consumers, who are financial institutions such as banks. They provided a solution to the concern raised by bulk consumers of the services (CR12) regarding the cumbersome process of making sequential applications for numerous entities. This situation

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triggered the development of an innovative approach, which included the creation of the Bulk API and its integration with the financial system to address the issue.

A number of setbacks continue to hinder effective service delivery, including budgetary constraints, suboptimal staffing levels, a low level of awareness among the public, inconsistencies in the legal framework, centralised service points, and a low level of statutory compliance, among others.

Moving forward, the Service will maintain a customised approach to service delivery and provide support for businesses to operate effectively. The service aims to assist businesses with registering quickly and efficiently, obtaining credit through MPSR, and helping those in financial distress resolve insolvency matters more easily while maximising their returns on investment.

In closing, I extend my sincere appreciation to the Board of Directors for their steadfast oversight, to our dedicated staff for their unwavering commitment, and to our stakeholders and development partners for their consistent collaboration and support. I am particularly grateful to the Attorney General and the Solicitor General for their invaluable guidance.

The progress we have achieved, both collectively and individually, serves as a source of inspiration and a testament to our potential accomplishments together. While we acknowledge the few remaining challenges, they only deepen our commitment to fostering a more conducive business environment in Kenya. It is through our shared efforts and aligned vision that we establish a strong foundation for creating meaningful, lasting impacts on the country's businesses and the broader economy.



KENNETH GATHUMA HSC

DIRECTOR GENERAL

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**7. Statement of Business Registration Service Performance against
Predetermined Objectives for FY 2024/2025**

Section 81 (2) (f) of the Public Finance Management Act No 18. Of 2012 and Section 14 of the State Corporations Act Cap 446, 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.

Business Registration Service has three (3) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/24- FY 2027/28. These strategic pillars/ themes/ issues are as follows:

1. Business Stability and Growth
2. Value of Data
3. Service Delivery and Institutional capacity

BRS develops its annual work plans based on the above three (3) pillars/Themes/Issues. Assessment of the performance against the annual work plan is done on a quarterly basis. The *Service* achieved its performance targets set for the FY 2024-25 period for its three (3) strategic pillars, as shown in the matrix below.

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Business Stability and Growth	Increase business registration and formalization	Number of registered businesses	Undertake automation of registry processes	A total of 145 workflows were automated of which 138 have been onboarded to production
			Undertake registration of business entities	138,000 businesses entities registered
			Develop Master List of all registered entities	Draft Masterlist developed
			Conduct workshops to train and foster integration of the BRS system with key stakeholders such as TIMS, WHRC, SASRA,	The service engaged in several workshops and stakeholder engagements with ICS, LSK
	Increase Compliance	Compliant business entities	Promoting transparency in business ownership	53.49% Beneficial Ownership compliant business entities
			Create awareness on Beneficial ownership	Stakeholder forums held on Beneficial ownership
	Optimize insolvency outcomes	Minimizing financial loss while Maximize	Time taken to resolve insolvency	An average of 4 years taken to resolve creditors recovery rate

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		value for creditors	matters (years)	
			·Development of Insolvency Investment Policy	Insolvency policy developed
	Increase access to credit for all	No of MPSR Initial notices	System upgrade to ensure efficiency	127,298 MPSR Notices facilitated
		No of MPSR Searches	Integration with national agencies to provide real time data	29,075 searches conducted
		·HP licenses issued	Issue HP Licences	22 HP licences issued
Value of data	Provide reliable data	Quality data/ High value data	·Percentage of linked Business entities	49.92% linked business entities
	Promote Research & innovation	Number of researches/briefs conducted	Research briefs conducted	1.Comparative analysis of BREs was a research paper 2. Voluntary compliance with Business Laws 3. Assessing Data Maturity: A Comprehensive Study of BDR Data Infrastructure 4. Towards an Integrated Registration System in Kenya: Harmonizing

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				<p>the roles of the registrar of companies, registrar of societies, and the registrar of Trademarks (this is incomplete)</p> <p>5. Business Registration Service Legislation Review and Impact on Business Operations in Kenya</p> <p>6. Creation of an alternative Dispute Resolution Tribunal (Company Law Tribunal) in Kenya: A proposal for Enhanced Corporate Dispute Resolution</p>
To improve service delivery	Enhance Institutional Capacity for the Service to deliver its mandate	PC performance index	Development and implementation of the BRS Performance Contracting	98.044% implementation of the PC
		Average productivity	Improve on the productivity index	Productivity index at 2.852

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		Annual revenue (millions)	collection of Revenue for services offered by the Service	1.311Billion collected in revenues
		Customer satisfaction (%)	Timely and efficient service delivery	78.5% customer satisfaction rate
		Brand Awareness index (%)	Engage in exhibitions and marketing of BRS Service	52.80% brand awareness index achieved
		Staff turnover (%)	Recruitment and capacity building	The service recruited more employees
		% of strategy Implementation (%)	Strategic plan implementation	31.77% strategic plan implemented to date
		System uptime(%)	Maintain systems at optimum levels	96% system uptime
		□ Compliance level on AGPO	30% of the total procurement budget allocated and awarded to Youth, Women and Persons with Disabilities	5921354.00 awarded to AGPO
		Compliance level on BKBK	procurement of locally produced goods and services	34348676.00 awarded to BKBK

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BRS Strategic Plan is implemented through Annual Work Plans (AWPs) where the strategic view and aspirations are broken down into departmental work plans. The Service incorporated the Performance Contracts commitments into work plan and linked budgeting to the annual work planning and performance contracting. The performance contracts commitments were thus aligned to the organization's strategic initiatives and strategies and prioritized during budgeting process and progress tracked on quarterly basis and the submitted to the PSPMMU in line with the PC guidelines.

8. Business Registration Service Corporate Governance Statement

The Business Registration Service Board is established pursuant to Section 5 of the Business Registration Service Act, 2015. The Board comprises the Chairperson, independent Board members, the Solicitor General, Principal Secretaries to the National Treasury and the Ministry for the time responsible for matters relating to trade. The Director General is an ex-officio member of the Board. The Board brings together members from different professional backgrounds with diverse skillsets, competencies and complies broadly with the constitutional gender balance requirements as shown below;

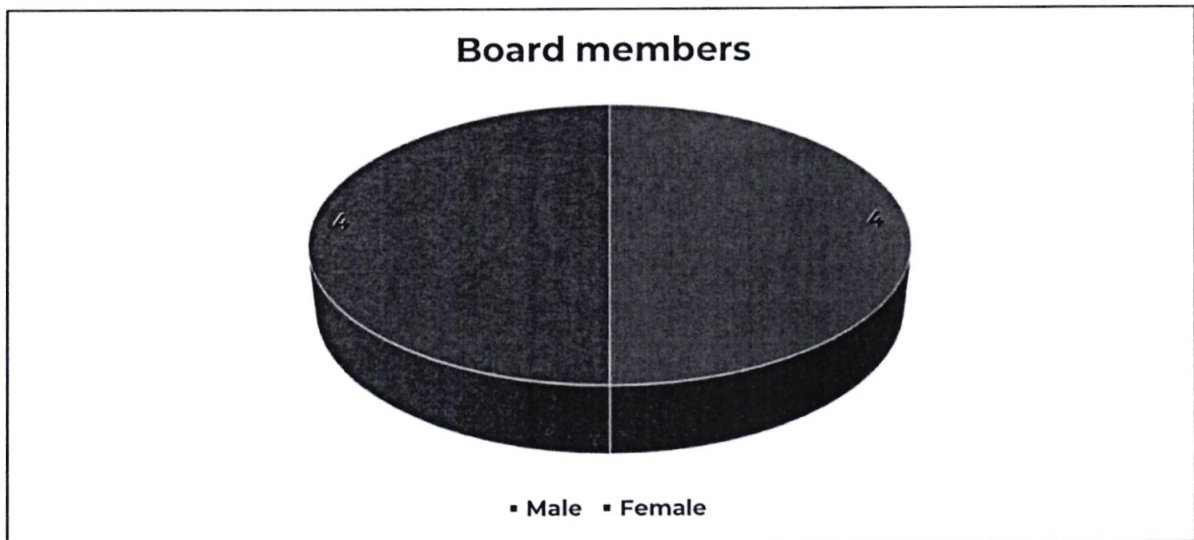


Figure 1: Board Gender Representation

The Board is responsible for the overall strategic direction and oversight of the Service. The function of the Board includes:

- (i) Formulate and review the policies of the Service;
- (ii) Ensure that the Service performs its functions;
- (iii) Monitor and evaluate the performance of the Service;
- (iv) Appoint, train, discipline and remove members of staff of the Service;
- (v) Establish departments within the Service and allocate responsibilities to such departments; and
- (vi) Perform such other functions as prescribed by this Act or any other written law.

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The Board's Key Achievements during the Financial Year 2024/2025 were:

- (i) Revenue growth from Kshs 1,180,175,678 to Kshs. 1,311,020,022 an increase of 11.1%
- (ii) Approved and continuously monitored the Service's Budget, Work plan and Procurement plan;
- (iii) Implemented the Service's Performance contract with the Office of Attorney General and Department of Justice;
- (iv) Implemented and monitored the Service's Strategic Plan

The Board is committed to ensuring the Service's obligations, roles and responsibilities are discharged through its corporate governance practices. The Board of Directors carries out its responsibilities with impartiality, honesty, transparency, professionalism, care and due diligence and at all times acts in good faith to the best interest of the public. The Board is committed to ensuring that the highest level of integrity is sustained in the Service's operations.

The Board strives for consensus in decision-making and conducts informed decision-making in the establishment of the organization's strategic direction and monitoring of the organization's performance.

During the period, the Board attended a training on Resource Mobilization organized by the Institute of Certified secretaries in partnership with RESMOB.

The Board has four Committees specifically:

1. Audit and Governance Committee;
2. Technical and Strategy Committee;
3. Human Resource and Finance Committee; and
4. Compliance and Risk Committee.

The Board has a Board Charter and each of the Committee has specific Terms of Reference. The Board discloses conflict of interest before the commencement of each board meeting.

During the period under review, the State Corporation Advisory Committee ('SCAC') conducted an evaluation for the performance of the Board of Directors and its secretariats, comprising of the evaluation on individual Board members, the Director General, the Corporation Secretary and the Internal Auditor (secretary to the Audit Committee).

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Board Attendance

The Board meets at least once every quarter.

Members are entitled to a Board sitting allowance in accordance with Circular No. OP/SCAC.1/9 dated 19th November 2019 issued by the State Corporations Advisory Committee.

Code of Conduct

The Business Registration Service continues to observe and implement the provisions of the Mwongozo Code of Governance. The Code binds both the Board Members and staff who join the Service.

Risk Management

Risk management is an important corporate governance tool and as such has been integrated into day-to-day operations of the Service. Management has developed a sound Enterprise Risk Management framework to ensure that risk mitigation measures have been put in place to caution BRS from risks that would derail achievement of the Strategic Objectives. In the year under review, the Service continued to implement mitigation strategies to ensure that the risk levels were minimized. The FY 24-25 Risk analysis suggests a complex risk landscape requiring immediate and sustained attention. With 56% of risks rated as HIGH and 96% remaining open, the organization faces significant challenges that demand coordinated response across all departments.

The concentration of risks in operational areas, particularly within HR, OR, and LCR departments, suggests systemic issues that extend beyond individual departmental boundaries. The critical risk scores in Strategic Planning and Supply Chain Management departments indicate potential threats to organizational effectiveness and service delivery.

Success in risk mitigation will require strong leadership commitment, adequate resource allocation, and a culture of proactive risk management. The recommended monitoring framework and strategic initiatives provide a roadmap for transforming the current risk profile into a more manageable and sustainable state.

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9. Management Discussion and Analysis

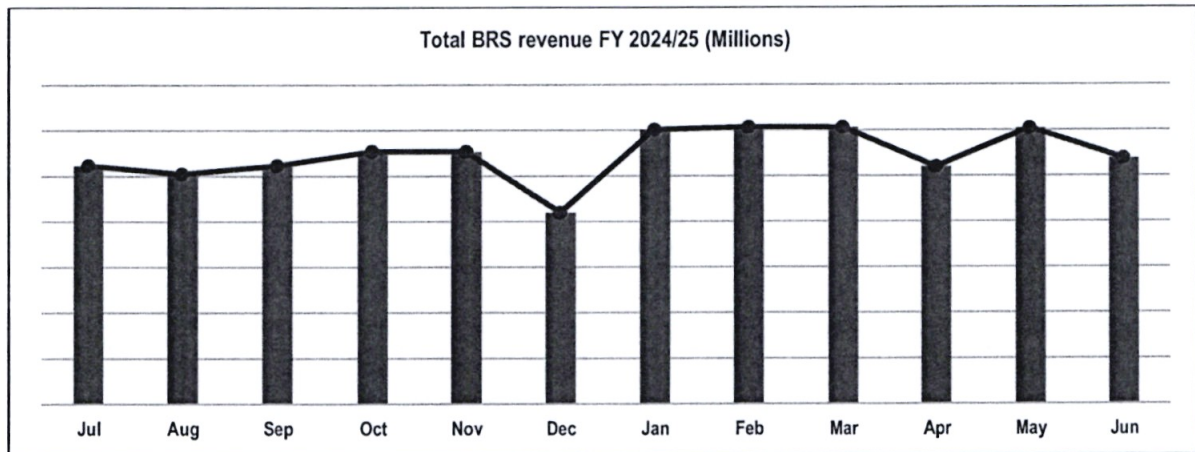
SECTION A

Operational and Financial Performance

The service's Key Achievements during the Financial Year 2024/2025 were:

- i. Revenue growth from Kshs 1,180,175,678 to Kshs. 1,311,020,022 an increase of 11.1%
- ii. Approved and continuously monitored the Service's Budget, Work plan and Procurement plan;
- iii. Implemented the Service's Performance contract with the Office of Attorney General and Department of Justice;
- iv. Implemented and monitored the Service's Strategic Plan

Revenue collected across the months in Millions

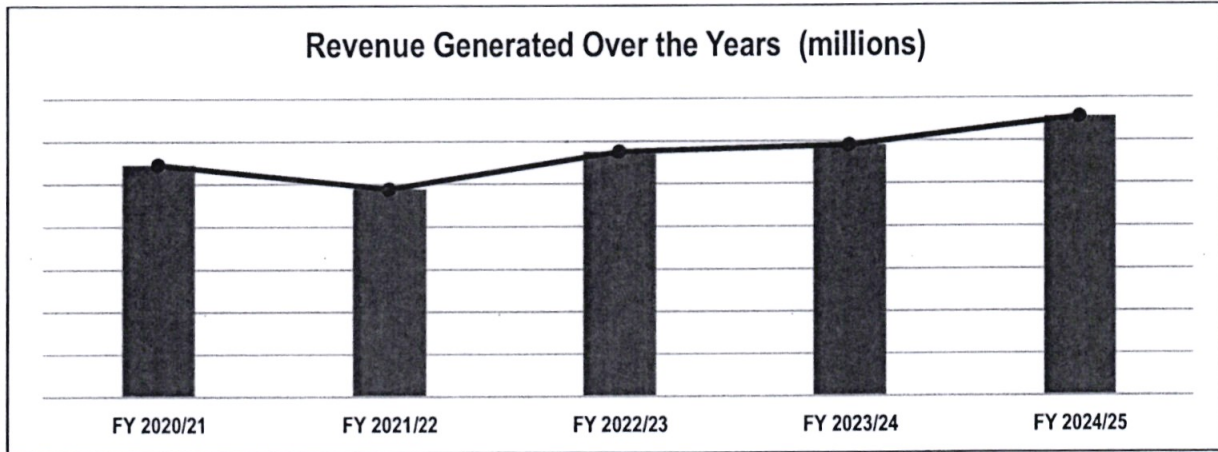


In order to maximize Business Registration Service potential in collecting revenue, system enhancement and capacity building is essential in delivery of the mandate. This has been majorly challenged by the inconsistent budgetary allocations.

The Service received Kshs 403,745,000 recurrent grants from the Government to implement its programmes for the year under review.

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Revenue collected over the years to date



SECTION B

Compliance with statutory requirements

Business Registration Service continues to comply with all statutory requirements and it does not have any major non-compliance to report.

SECTION C

Key projects and investment decisions the entity is planning/implementing

Business Registration Service is mainly funded by the National Treasury, and it receives a one-line Budget. There are no key projects and investments decisions the entity is undertaking at the moment.

SECTION D

Major risks facing the entity

The Business Registration Service (BRS) is exposed to various financial risks arising from its operations, including liquidity risk. To address these vulnerabilities, BRS implements a comprehensive risk management Programme designed to mitigate the potential adverse impact of economic uncertainties on its financial performance.

Risk management within the Service is conducted by management under the oversight of the Board of Directors, ensuring accountability and strategic alignment. The Service routinely reviews and updates its risk management policies and frameworks to adapt to evolving market conditions and emerging best practices.

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In addition to overarching risk governance, BRS has developed targeted policies that address specific areas such as liquidity risk, credit risk, and other operational exposures, enabling a proactive and structured approach to financial risk mitigation.

SECTION E

Material arrears in statutory/financial obligations

Business Registration Service did not have any active loans and generally it does not have any outstanding bills relating to previous financial periods.

SECTION F

The entity's financial probity and serious governance issues

Business Registration Service has a strong corporate governance structure and internal controls. The Corporate Governance Framework is spearheaded by the Board of Directors.

SECTION G

i) Review of the economy

The data from the Quarterly Economic and Budgetary Review report by the National Treasury for Q3 FY 2024/25 shows that the economy remained strong and grew by 4.7 percent in 2024 compared to a growth of 5.7 percent in 2023. The growth in 2024, albeit slower than the previous year, was to a large extent supported by activities in agriculture, forestry and fishing, financial and insurance, transportation and storage and real estate. Most of the sub sectors recorded positive growths except construction and mining and quarrying sub sectors.

According to the report, Overall year-on-year inflation declined and has remained below the mid-point of the policy target band of 5.0 percent since June 2024. The decline was mainly due to the lagged effect of the earlier tight monetary policy, declines in energy prices and continued easing of food prices. The year-on-year inflation declined to 3.6 percent in March, 2025 from 5.7 percent in March, 2024 and a peak of 9.6 percent in October 2022.

Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 10.7 percent in March, 2025 compared to 13.4 percent in March, 2024 while the 91-day Treasury Bills rate also declined to 8.9 percent from 16.7 percent over the same period. The average lending rate declined to 15.8 percent in March, 2025 from 16.3 percent in March, 2024 while the average deposit rate also declined to 9.3 percent from 10.5 percent over the same period.

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In terms of fiscal performance, the National Government revenue collection including ministerial Appropriation in Aid (A-I-A) for the period between July, 2024 – March, 2025 amounted to Ksh. 1,998.4 billion (11.4 percent of GDP) against a target of Ksh. 2,138.0 billion. The revenue collection was below the target by Ksh. 139.6 billion mainly due to shortfall in taxes/ordinary revenue.

Over the year, the Service contributed to the Kenyan economy in a number of ways:

- i. **Generation of revenue on behalf of government:** The Service collected revenue from the Services it rendered to the citizenry. In the FY 2024/25, the Kenya Revenue Authority (KRA) collected a total revenue of Kshs. 2.571 Trillion for the Financial Year 2024/2025. Out of this, the Business Registration Service collected a total of Kshs 1.311020022 billion representing 0.051% share contribution. This has since shown an improvement from the last year's contribution of 0.04%. The money is used to facilitate delivery of services to the public. This shows how the service has direct impact and contribution to the GDP formation in the Kenyan economy.
- ii. **Facilitation of business start-up:** The Service facilitates registration of business start-up. Creation of businesses in turn creates demand for goods and services. This helps producers of raw materials and providers of services to get market for their goods and services and also accelerates the velocity of money measured by monetary transactions. The Service facilitated start-up of 138,000 business entities in FY 2024/25, an increase from the last years 136,209 business entities. Therefore, on average the Service registered an average of 378 business entities per day implying new economic activities and market players in the economy.
- iii. **Facilitating acquisition of credit access through MPSR:** The MPSR Act of 2017 provided an avenue for use of movable properties to be used as collaterals to secure credit facilities. The Service has provided a registry where business register movable items used to secure loans. This has enabled SMEs to acquire credit facilities with movable properties unlike use of immovable collaterals which limited participation of small income earners from accessing credit and thus played less role in the economic space. Up to June 2025, the Service recorded a total of 208,436 collateral assets used in securing credit. This has shown the continuous uptake of the public in the using the seventeen (17) diversified types of collaterals in securing credit. Through this, the service has supported an increased credit access in the economy. MPSR

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facilitates access to credit by all players especially the informal sector which in turn creates more than 80% of the jobs in our country.

- iv. Enabling foreign direct investment: The Service facilitates registration of foreign companies in the country. During the year under review, the Service registered a total of 185 foreign companies. These companies come to invest in Kenya which in turn benefits the economy with skills transfer and capital formation from expatriates from outside Kenya. This in turn builds the Gross Domestic product (GDP).
- v. Creation of supportive legal, policy and regulatory framework on ease of doing business: The Service has pushed for a number of legal changes and regulatory framework governing ease of doing business to create a supportive business environment. During the year under review, the Service was instrumental in the drafting of the following: Draft Bill forwarded to the Hon AG for approval: Draft Trust Administration Bill 2025 pending approval.
- vi. Facilitating business in financial distress: The Service through the Official Receiver help business to operate under financial distress. For business liquidating, the Service facilitates a faster and more efficient process of winding up which in turn give higher return on investment. During the FY 2024/25, the Service closed 13 insolvency cases and recorded a total of 97 new insolvency matters.

ii) Review of the Sector

The Service plays a role in the Governance, Justice, Law and Order (GJLO) sector especially on governance of the registration services. The sub-sector contributes to the sector especially on promotion of governance, justice and law through provision of advisory and management of legal matters. BRS contributes to the sector through provision of the legal services on registration of business and administration of laws relating to registration of business, firms, companies, movable property Security Rights registries, Hire Purchase registries, Trust registry and insolvency matters.

The Service contributes to the sector through the implementation of strategies under the KRA 1 strategic objective 1 of the sub-sector plan which seeks to provide quality legal services to the government and public. The Service implements initiatives aimed at enhancing Registration services under strategy number 11

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through execution of the business laws and the functions listed in the BRS Act of 2015.

Over the last the last 5 years; the Service has a played crucial role of the sector on provision of legal services by registering 706,752 business entities, registering 648,929 MPSR initial notices of loans secured through use of Movable Properties in the past five (5) years. The Service played a significant role to facilitate businesses in financial distress through enhanced mechanism of the insolvency practice in the country where a total of 323 insolvency matters were recorded over the last 5 years. Notably, the service closed 13 insolvency cases during the current year.

iii) Future developments and any other information considered relevant to the users of the financial statements.

Going forward, The Service seeks to leverage on ICT based solutions to improve processes and services offered by the Service. Key among them include, implementing a robust record management system to enhance the quality and integrity of the records, modernize the call Centre and equip the centre with more efficient ICT solutions, implement self-service options, digitize all records, fully automate all the manual process through the continuous BPR program, integrate internal registries for ease of service delivery, fast track implementation of link a business process, develop new products for MPSR to enhance credit access, enhance the resolution of insolvency matters through automation and implementation of ERP within the Service among other projects.

10. Environmental and Sustainability Reporting

The Service's purpose is to offer enterprises responsive support services throughout their business lifecycle and the foundation upon which we execute our strategy, prioritizing customers, enhancing operational excellence, and providing quality services.

The Service, as the custodian of Kenya's Companies Act and a leading entity in sound corporate governance, engaged in projects and initiatives to ensure the sustainability of its social and environmental outcomes.

The Service has consistently enhanced the competitiveness of the business sector by streamlining and automating business processes in accordance with international best practices and global trends to guarantee the quality of service delivery. This is in accordance with the Kenya Kwanza Administration Blueprint of the Bottom-Up Transformation Agenda under the pillar of Digital Superhighway & Creative Economy.

The pillar's objective is to improve the delivery of government services by digitizing and automating all critical government processes and making 80% of them available online. The Service is currently leading in this regard, having automated 100% of all its services. This accomplishment was made possible by the support of BRS strategic partners and stakeholders.

i) Sustainability strategy and profile

The Service's strategic plan for 2023-2027 is designed to actively promote three of the UN's post-2015 sustainable development agenda, which was launched at the Sustainable Development Summit in September 2015. This plan incorporates the sustainable development goals and in particular sustaining, as well as full and productive employment and respectable work for all. Encourage the formalisation and growth of micro-, small-, and medium-sized enterprises, including through access to financial services, and promote development-orientated policies that support productive activities, decent employment creation, entrepreneurship, creativity, and innovation.

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The Service has contributed towards the achievement of this goal by providing an online platform that is easily accessible from everywhere for registration of business entities and registration of security rights in movable property, licensing of hire purchase businesses and Insolvency services. The Service continues to collaborate with Huduma Kenya Centres to offer services at the Cyber Cafes, contact centre and conduct outreach programs in main centres and markets to support the digitally disadvantaged.

The Service continues to utilise and improve the electronic document and records management system (EDRMS) to ensure that all of its records are archived for easy retrieval, thereby avoiding the use of tangible paper for record keeping. During the period under review, the Service implemented electronic certified copies of company records, which allowed for digital access to password-protected documents and eliminated the necessity for physical collection and printing. In accordance with our data privacy obligations, the forwarding letter includes a Quick Response (QR) Code that is password-protected and contains confidential information as part of the reforms. The Service's objective is to entirely digitise all manual records in order to promote the sustainability of the business and maintain an environmentally friendly environment. This is aligned with SDG 13.

ii) Environmental performance

This is a fundamental principle of our strategic plan, and the Service acknowledges the necessity of ensuring environmental sustainability in all aspects of our operations. To facilitate the implementation and cascading of sustainability initiatives, the Service has established an Environmental Social and Governance ("ESG") Committee that is in the process of formulating an ESG policy, strategy, and work plan.

As part of the Service's ongoing efforts to enhance efficiency and establish a paperless operating environment, we have implemented a spotless desk policy. Furthermore, the Service is in the process of enhancing its online services and is actively working to improve its workflows. The Service maintains an Enterprise Resource Planning ("ERP") system that facilitates the submission and approval of internal processes, thereby alleviating bureaucracy and enhancing efficiency.

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The Board of Directors and Management continue to capitalise on ICT by employing electronic meeting platforms to convene meetings and distribute documents. The environment is also preserved by reducing the printing of the board packs and other documents, in addition to reducing carbon emissions.

In accordance with the Presidential Directive and the Government's commitment to plant 5 billion trees in the next 5 years and an additional 10 billion trees by 2032, as stipulated in the Performance Contract for the Financial Year 2024/2025, the Service participated in two tree-growing initiatives during the financial year. The target of planting 200 seedlings was achieved, and it was surpassed by 4,970 seedlings. The Kakamega Forest annual tree planting initiative resulted in the Service donating 5,000 indigenous tree seedlings.

iii) Employee Welfare

The Service has maintained its commitment to employee welfare in order to benefit its employees and improve its reputation and long-term sustainability. This mission is achieved by being an equal opportunity employer, and all candidates are selected on the basis of merit through fair and open competition from the broadest possible pool of eligible prospects.

The Service is mindful of the gender, regional, ethnic, and other diversity of the Kenyan populace when making appointments, all in accordance with the National Values and Principles of Governance. By ensuring that a minimum of 30% of the appointment/promotion process is of either gender, the services' principles of affirmative action, gender, and individuals with disabilities will be followed.

This goal was accomplished by consistently adhering to the "not more than two-thirds of either gender rule." The current staff comprises of 53.4%(N=55) female and 46.6%(N=48) male. Additionally, the Service considers the image of Kenya when appointing members to committees that oversee special assignments that are essential to fulfilling BRS's mandate.

In addition, the Service continues to implement various policies, practices, and initiatives that are designed to improve the quality of life, safety, and well-being of employees within an organization.

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The Service places a high value on the health and safety of its employees by guaranteeing a secure work environment, implementing appropriate safety protocols, providing ample training, and assuring adherence to health and safety regulations. Regular health check-ups, access to essential personal protective equipment (PPE), and effective management of workplace hazards are indispensable.

Workplace safety audits and risk assessments were implemented by the service during the period under review. In addition, the Service has maintained its commitment to the implementation of policies and programs that guarantee the safety of employees from hazards and disasters, in accordance with the Occupational Safety and Health Act, 2007, and other labour laws. The Occupational Safety and Health Administration Committee (OSHA) is a functional entity that convenes on a regular basis to discuss health and safety issues as necessary. Furthermore, insurance coverage for group personal catastrophes has been obtained for all employees by the service.

The Service acknowledges the performance management system as a critical component of the Human Resource Management function, with the overall objective of managing and enhancing the Service's performance by facilitating a greater degree of employee participation and involvement in the planning, delivery, and evaluation of work performance. This acknowledgement pertains to employee productivity and performance measurement. The human resource management function is strengthened by the Staff Performance Appraisal, which is a critical component. It is founded on the principles of work planning, performance target establishment, feedback, and reporting based on mutually agreed upon objectives.

This procedure is tied to other human resource systems and processes, such as career progression, placement, rewards, and sanctions. Performance targets are established for both departments and individuals at the commencement of the appraisal period, which spans one year from July 1st to June 30th of the subsequent year. The team members and the supervisor each complete a complex appraisal instrument. The performance appraisal is a summary of the year's performance that has the objective of enhancing efficiency by concentrating on value-add initiatives and outcomes that extend beyond the daily job responsibilities outlined in the position descriptions of the staff.

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The current staff comprises of 53.4%(N=55) female and 46.6%(N=48) male.

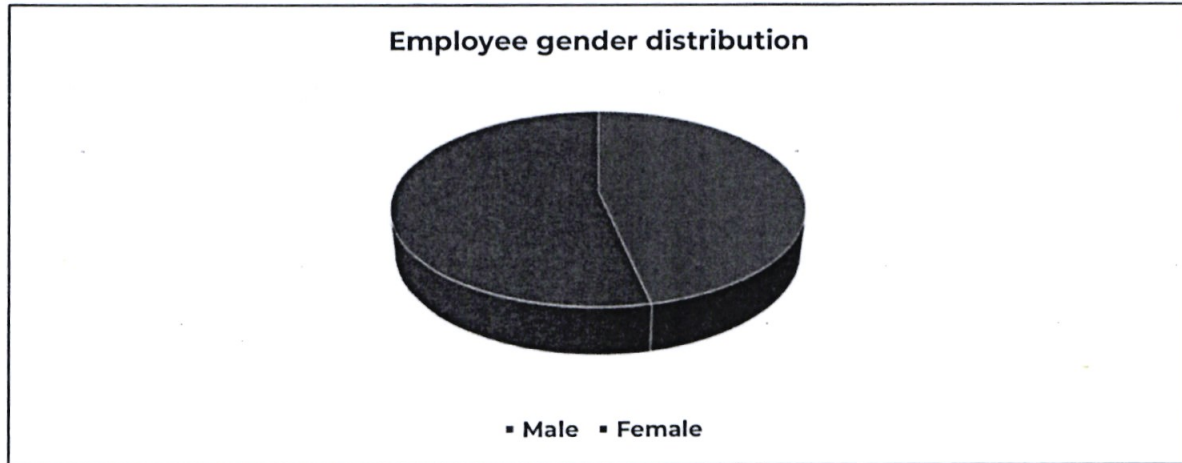


Figure 2; Staff Gender representation

The Service recognizes the need for training and development of all employees. It therefore committed to offer training opportunities to all its employees in order to improve their work performance and personal development. This is done by conducting a training needs analysis after every three years and/or on need basis. The Service has lived to its commitment in matters learning and development and ensured its officers are trained and learn from the best, in order to sustain productivity and personal growth.

iv) Market place practices-

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

a) Responsible competition practice.

The Service carries out procurement in a manner that is transparent, competitive, fair, equitable, and cost-effective by employing the open tendering method. The Service allocates a minimum of 30% of the annual procurement expenditure budget to youth, women, and individuals with disabilities.

Furthermore, the Service uses standard tendering documents published by the Public Procurement Regulatory Authority, which require bidders to declare their commitment to refraining from corrupt practices. Additionally, the Service undertakes proactive disclosure of tenders and contracts awarded in order to enhance transparency.

b) Responsible Supply chain and supplier relations

The Supply Chain Management Department has a proactive policy to train suppliers each financial year. The training helps suppliers, particularly the youth, women, and persons living with disability who own business entities, to navigate the tendering process. These sensitisations help build capacity in the target group and ensure good business practices.

The Supply Chain Department also ensured that supporting documents were submitted on time to facilitate prompt payment of invoices for delivered goods and services, thereby avoiding disruptions to suppliers' cash flow and ensuring business continuity. Consequently, mutually beneficial business relationships were maintained with the competent suppliers.

The Service maintained and achieved a target to pay verified suppliers within 30 days from the date of submission of necessary documentation upon satisfactory delivery of goods, works, or services as prescribed in the policy to pay vendors

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 Service requires a product warranty and manufacturer authorization for all supplied goods to ensure that they are of reasonable quality and free from harmful substances.

v) Corporate Social Responsibility /Community Engagements

BRS participated in two tree-growing initiatives during the financial year, and the target to plant two hundred seedlings (No. 200) was achieved. The target was surpassed by four thousand, nine hundred and seventy (4970) seedlings, in accordance with our commitment in the Performance Contract to be a responsive and accountable organization that contributes to the well-being of communities and society through various environmental and social measures.

To fulfil the Presidential Directive and the Government's pledge to plant 5 billion trees within the next five years and an additional 10 billion trees by 2032, the Service collaborated with critical stakeholders to implement tree-growing initiatives. In accordance with the President's directive regarding the expedited six-month tree-growing initiative, which is being led by the Cabinet, the Ministry of Environment, Climate Change, and Forestry has tasked the State Law Office with conducting this activity on the second Monday of each month for the next six months during the period under review.

The Service subsequently donated 5,000 indigenous tree seedlings to the Kakamega Forest annual tree planting initiative on June 6, 2025, as a demonstration of our commitment to the National Tree Growing Restoration Campaign.

The Country's objectives include the following: establishing nature-based enterprises in rural areas, restoring ecological integrity and ecosystem functioning, strengthening community resilience to climate change, supporting sustainable supply of environmental products and services (water and biodiversity), increasing access to climate finance through carbon trading, and increasing tree cover from 12% to 30% by 2032.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Business Registration Service affairs.

i) Principal activities

The Business Registration Service is a State Corporation established to administer policies, laws and other matters relating to the registration of Companies, partnerships and firms, and corporations carrying on business under a business name, bankruptcy, hire-purchase, and security rights (Section 4(1) of BRS Act, 2015). This role is critical in improving the ease of doing business in Kenya and economic growth at large. This huge mandate bestowed on the Service requires that it operates in a strategic and focused manner. Therefore, the BRS Strategic Plan provides the roadmap for the implementation and coordination of the policies, laws and different players involved in ease of doing business.

In the FY 2023-2024, the Service was given an additional mandate to manage the Trustee (Perpetual Succession) Registry. This new responsibility further expanded the Service's role in overseeing the registration and regulation of trusts, enhancing its governance and administrative functions.

ii) Results

The Financial Statements for Business Registration Service for the year ended June 30, 2025 are set out on page 1-5

iii) Directors

The Board of Directors who served during the year as shown on page ix-xix

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

In the FY 2024/2025, Business Registration Service did not have any surplus during the year and hence no remittance to the consolidated fund.

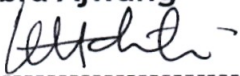
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v) Auditors

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

By Order of the Board

Name: **Ms. Debra Ajwang**

Signature: -----

Date: 5th November 2025

Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporation Act require the Directors to prepare financial statements in respect of Business Registration Service, which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Business Registration Service for that year. The Directors are also required to ensure that the Business Registration Service keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Business Registration Service. The Directors are also responsible for safeguarding the assets of the Service.

The Directors are responsible for the preparation and presentation of the Business Registration Service financial statements, which give a true and fair view of the state of affairs of the Business Registration Service for and as at the end of the financial year (period) ended on June 30, 2025. 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 entity; (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 Business Registration Service (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances. The Directors accept responsibility for the Business Registration Service financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Business Registration Service financial statements give a true and fair view of the state of Service transactions during the financial year ended June 30, 2025, and of the Business Registration Service financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Business Registration Service, which have been relied upon in the preparation of the Business Registration Service financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Directors to indicate that the Business Registration Service will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Business Registration Service financial statements were approved by the Board on 31st July 2025⁴ and signed on its behalf by:



.....
Mr. Hamisi Mwanguya
Chairperson-
Business Registration Service



.....
Kenneth Gathuma HSC
Director General
Business Registration Service

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BUSINESS REGISTRATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such Services are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Business Registration Service set out on pages 1 to 41 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net

assets, statement of cash flows, and the statement of comparison of budget and actual amounts 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 as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Business Registration Service Act, 2015 and 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 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Service in Financial Year 2024/2025 revealed that the following five (5) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Non-Compliance with the State Corporations Advisory Committee requirements
2	2023/2024	Irregular extension of contract for comprehensive medical insurance cover
3	2023/2024	Understaffing of the service

assets, statement of cash flows, and the statement of comparison of budget and actual amounts 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.

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3	2023/2024	Understaffing of the service

No.	Financial Year	Audit Issue
4	2023/2024	Weak internal controls over imprest management
5	2023/2024	Failure to open county offices

Other Information

The Management is responsible for the Other Information set out on pages iv to lx, which comprise of Key Entity Information and Management, Chairman's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Service's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is no material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the State Corporations Advisory Committee Requirements

As reported previously, review of records revealed that the Business Registration Service did not submit compliance reports for approval to the State Corporations Advisory Committee (SCAC) as guided by the Office of the President Circular Ref. OP/CAB.9/1A dated 11 March, 2020. The Circular requires all State Corporations to file with SCAC their

Human Resource Compliance Reports, including payroll reports for all cadres of staff and other stated Human Resource Instruments for approval by 31 July of each year.

In the circumstances, Management was in breach of the SCAC Circular.

2. Irregular Extension of Contract for Comprehensive Medical Insurance Cover

Note 8 to the financial statements reflects Kshs.304,644,098 in respect to employee cost. The expenditure includes an amount of Kshs.18,769,959 in respect to employer contribution to health insurance. However, review of records indicates that a contract for Corporate Medical Insurance Cover for the year 2022-2024 was signed on 31 October, 2022 with a commencement date of 1 November, 2022 and expiring on 31 October, 2024 at a cost of Kshs.22,699,462. On the expiry of the contract on 31 October, 2024, the Service prepared an addendum to the contract to include a renewal of the contract for one year, commencing 1 November, 2024 to 1 November, 2025 at an enhanced cost of Ksh.24,975,028. The increments of Kshs.2,275,566 was not explained. Further, on 31 October, 2024, the parties drew another agreement referred to as Addendum 2, extending the contract for another year ending 31 October, 2025 at a cost of Kshs.14,736,674. The first and the second addendums were not explained nor justified.

In the circumstances, the regularity of the insurance expenditure of Kshs.18,769,959 could not be confirmed.

3. Insufficient Budgetary Allocation for the ICT Department

The approved budget for the year under review was Kshs.403,745,000, out of which the Information and Communication Technology (ICT) department was allocated Kshs. 4,476,882 or 1.1% of the approved budget. This was contrary to Section 14.4(a) of the Government Information and Communication Technology Governance Standards, 2023, which requires that Ministries, Counties, Departments, and Agencies allocate at least 5% of their funds for ICT activities through the annual budget.

In the circumstances, the amount of money allocated for the Information and Communication Technology (ICT) department could not be confirmed to be sufficient to maintain and upgrade the ICT system.

4. Lack of Climate Change Financing Requirements

Review of records revealed that the Service did not dedicate an amount in its annual budget directed towards Climate Change activities. The Service neither allocated nor tracked the use of funds specific to climate change interventions. Further, the Service lacks systematic records of climate change initiatives, including project outcomes, emissions reductions, and financial tracking. This was contrary to Regulation 6(1)(d) of the Climate Change (Duties and Incentives) Regulations, 2021, which requires each public entity at both the National and County Governments to dedicate an amount in its annual budget towards climate change activities.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Understaffing of the Service

As previously reported, review of the staff establishment as at 30 June, 2025 revealed that the Business Registration Service (BRS) had one hundred and thirteen (113) employees out of the recommended staff establishment of one hundred and sixty-two (162), resulting to an understaffing of forty-nine (49) staff, or 30% below the approved establishment. Despite the significant staffing shortfall, the BRS Management had neither developed a recruitment plan nor allocated a budget to address the deficit.

In the circumstances, the Service may not achieve its core mandate of administering laws relating to incorporation, registration, operation and management of companies, partnerships and firms.

2. Weaknesses in the Management of Imprest

Review of imprest register maintained by Management revealed that the Service issued multiple imprests amounting to Kshs.2,440,667 to various staff during the year under review. In addition, Kshs.4,409,000 was surrendered later than the stipulated seven (7) days after the safari. This was contrary to Regulation 93(8) of the Public Finance Management (National Government) Regulations, 2015 which requires that to effectively and efficiently manage and control the issue of temporary imprests, an accounting officer or AIE Holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary.

Further, imprests amounting to Kshs.12,526,000 was issued to a few staff on behalf of other officers. The system of issuing imprest to a few staff on behalf of others is susceptible to abuse, as secondary recipients may not be held accountable for imprests issued through other officers.

In the circumstances, the effectiveness of management control over imprest could not be confirmed.

3. Delayed Implementation of the Enterprise Resource Planning (ERP) System

Review of records revealed that the Service had procured an Enterprise Resource Planning (ERP) System at a cost of Kshs.9,000,000 in 2022. Although the system is currently in use, it has not been fully integrated to support all intended operations. Key modules, including Human Resource, Procurement and Finance are not functioning as per the service level agreement. Further, there were no user acceptance reports or implementation status reports available to identify existing gaps or outline Management's plans for addressing them. The incomplete integration undermines the effectiveness of the ERP system and limits its ability to deliver the intended operational benefit.

In the circumstances, value for money obtained from the procurement of Enterprise Resource Planning (ERP) system could not be confirmed.

4. Lack of ICT Strategic Plan

Review of Information Technology (IT) records revealed that the Service lacks an operational IT Strategic Committee and an Information and Communication Technology (ICT) Strategic Plan that guide the Information Technology operations. Further, the Service lacks business continuity and disaster recovery plans to support the organization's business processes.

In the circumstances, the policy, strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the Service could not be confirmed.

5. Failure to Open County Offices

As previously reported, review of the Service records on regional offices revealed that operational branches are only in Kisumu and Mombasa Counties. However, the strategic plan for 2021-2026 did not consider opening of regional offices in other Counties in Kenya contrary to Section (3) of Business Registration Service Act, 2015. The law provides that, the headquarters of the Business Registration Service shall be in the capital city, but the Business Registration Service shall establish branches in every County in Kenya to ensure reasonable access of its services.

In the circumstances, the effectiveness of service delivery by the entity could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 (Accrual 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 Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply 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 Service'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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 November, 2025

Business Registration Service
Annual Report and Financial Statements
for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30th June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Ministry, departments and agencies	6	403,745,000	470,350,000
		403,745,000	470,350,000
		0	
Expenses			
Use of goods and services	7	90,974,389	151,751,494
Employee costs	8	304,644,098	289,823,272
Board Expenses	9	7,822,660	8,020,619
Depreciation and Amortization expense	10	14,274,001	14,322,801
Repairs and maintenance	11	518,600	7,108,379
Grants and Subsidies	12	200,000	1,164,650
Total expenses		418,433,748	472,191,215
Surplus/(deficit) for the period/year		(14,688,748)	(1,841,215)

The notes set out on pages 6-34 form an integral part of these Financial Statements
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:





.....
Kenneth Gathuma HSC

.....
CPA Erastus Mbalu

.....
Mr. Hamisi Mwaguya

Director General

**Deputy Director
Finance and Accounts**

Chairperson

Date.....**4/11/2025**
..

Date.....**4/11/2025**
..

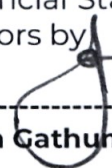
Date.....**5/11/2025**
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Business Registration Service
Annual Report and Financial Statements
for the year ended June 30, 2025

15. Statement of Financial Position as at 30th June 2025

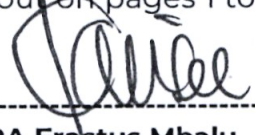
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	58,579,097	80,601,277
Inventories	14	2,289,621	3,175,002
Prepayments	15	8,635,257	11,881,068
Total Current Assets		69,503,975	95,657,347
Non-Current Assets			
Property, Plant and Equipment	16	54,920,211	64,906,100
Intangible Assets	17	1,534,681	5,001,953
Total Non- Current Assets		56,454,892	69,908,053
Total Assets (A)		125,958,867	165,565,400
Liabilities			
Current Liabilities			
Current Provisions	18		1,560,523
Total Current Liabilities			1,560,523
Non-Current Liabilities			
Non-Current Provisions	19	52,342,173	75,699,435
Total Non- Current Liabilities		52,342,173	75,699,435
Total Liabilities(B)		52,342,173	77,259,958
Net Assets (A-B)		73,616,394	88,305,442
Represented by			
Reserves	20	88,305,442	90,146,657
Accumulated Surplus/(Deficit)	21	(14,688,748)	(1,841,215)
Total Net Assets	20	73,616,394	88,305,442
Total Net Assets and Liabilities		125,958,867	165,565,400

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by



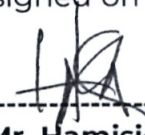
Kenneth Gathuma HSC

Director General



CPA Erastus Mbalu

Deputy Director Finance
and Accounts



Mr. Hamisi Mwanguya

Chairperson

Date... 4/11/2025

Date... 4/11/2025

Date... 5/11/2025

Business Registration Service
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16. Statement of Changes in Net Assets for The Period Ended 30 June 2025

Description	Capital reserve	Retained earnings	Total
	Kshs	Kshs	Kshs
Balance as at July 1, 2024		90,146,657	90,146,657
Surplus/Deficit for the period	-	(1,841,215)	(1,841,215)
Transfer of excess depreciation on revaluation	-	-	-
As at June 30, 2024	-	88,305,442	88,305,442
Balance as at July 1, 2024	-	88,305,442	88,305,442
Surplus/Deficit for the period	-	(14,688,748)	(12,563,981)
Transfer of excess depreciation on revaluation	-	0	0
At June 30th, 2025	-	73,616,694	75,741,460

Business Registration Service
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17. Statement of Cash Flows for the year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Ministry, departments and agencies	6	403,745,000	470,350,000
Total receipts		403,745,000	470,350,000
Payments			
Use of goods and services	7(b)	90,115,695	151,751,494
Employee costs	8(b)	324,728,862	289,823,272
Board Expenses	9	7,822,660	8,020,619
Repairs and maintenance	11(b)	2,079,123	7,108,379
Grants and subsidies	12	200,000	1,164,650
Total payments		424,946,340	457,868,414
Net Cash Flows from Operating Activities	21	21,201,340	20,674,909
Cash flows from investing activities			
Purchase of PPE and Intangible assets	16/17	(820,840)	(10,116,218)
Net cash flows from/ (used in) investing activities		(820,840)	(10,116,218)
Net increase/(decrease) in cash & Cash equivalents		(22,022,180)	10,558,691
Cash and cash equivalents at 1 July, 2024	13(a)	80,601,277	70,042,586
Cash and cash equivalents at 30 June,2025	13 (b)	58,579,097	80,601,277

Business Registration Service has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting

18. Statement of Comparison of Budget and Actual Amounts for the Period Ended June 30th June, 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue	331,745,000	72,000,000	403,745,000	403,745,000	0	100%
Transfers from Other Governments entities				403,745,000	0	100%
Total Income	331,745,000	72,000,000	403,745,000			
Expenses						
Use of Goods and Services	18,853,684	72,000,000	91,193,684	90,974,389	219,295	99.75%
Employee costs	303,059,616		303,059,616	304,644,098	(1,584,482)	100%
Remuneration of Directors	7,900,000		7,900,000	7,822,660	77,340	99.6%
Repairs and Maintenance	530,700		530,700	518,600	12,100	97.7%
Grants and Subsidies	211,000		211,000	200,000	11,000	94.8%
Total Expenditure	330,895,000		402,895,000	404,159,747	(1,264,747)	100%
Surplus for the period				(414,747)		
Capital Expenditure	850,000	0	850,000	820,840	29,160	

Reconciliation of Budget Comparison and Actual Details	Amount (Kshs)
Surplus as per the Budget Comparison	(414,747)
Depreciation for the year	(14,274,001)
Surplus as per the financial performance	(14,688,748)

Business Registration Service
Annual Reports and Financial Statements
for the year ended June 30, 2025.

19. Notes to the Financial Statements

1. General Information

Business Registration Service is established by an Act of Parliament and derives its authority and accountability from the Business Registration Act, 2015. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Business Registration Service principal activity is to administer policies, laws and other matters relating to the registration of Companies, partnerships and firms, and corporations carrying on business under a business name, bankruptcy, hire-purchase, and security rights (Section 4(1) of BRS Act, 2015). This role is critical in improving the ease of doing business in Kenya and economic growth at large. This huge mandate bestowed on the Service requires that it operates in a strategic and focused manner. The Service Strategic Plan provides the roadmap for the implementation and coordination of the policies, laws and different players involved in ease of doing business.

In the FY 2023-2024, the Service was given an additional mandate to manage the Trustee (Perpetual Succession) Registry. This new responsibility further expands the Service's role in overseeing the registration and regulation of trusts, enhancing its governance and administrative functions.

2. Statement of Compliance and Basis of Preparation

The financial statements of the Business Registration Service have been prepared on a historical cost basis, with exceptions for the revaluation of certain items of property, plant, and equipment at fair value, the measurement of impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Business Registration Service accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Business Registration Service.

Notes to the Financial Statements (Continued)

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The adoption of the new standard will have a significant impact on the Service's financial statements, as the Service is currently operating under a leasing agreement for its current premises.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance</p>

Business Registration Service
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Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Service will prepare its Financial statements in conformity with IPSAS 45</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful</p>

Business Registration Service
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Standard	Effective date and impact:
	information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

Business Registration Service did not early – adopt any new or amended standards in year 2024/2025.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Business Registration Service and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from Exchange transactions

Rendering of services

Business Registration Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Service

Business Registration Service
Annual Reports and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly in June 2024 and there were no Subsequent revisions and additional appropriations made to the approved budget.

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under page 6 these financial statements.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset when;

- It is probable that future economic benefits or service potential associated with the item will flow to the Authority; and
- The cost can be measured reliably.

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Service recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The useful lives of items property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Furniture and fixtures	Reducing balance	8 Years
Motor Vehicles	Reducing balance	4 Years
Office equipment	Reducing balance	8 Years
IT equipment		
Computer equipment	Reducing balance	3 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Service assesses at each reporting date whether there is any indication that the Service' expectation about the residual value and the

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

useful life of an asset has changed since the preceding reporting date. If any such indication exists, the Service revises the expected useful life and/or residual value accordingly.

The change is accounted for as a change in an accounting estimate. The depreciation charge for each period is recognized in surplus or deficit. Items of property, plant and equipment are derecognized when disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

It is the policy of the Service that Depreciation charges shall commence in the beginning of the month in which the asset is first put to use and no depreciation shall be charged on the year of disposal

d) Intangible assets

An intangible asset is recognized as an asset when;

- It is probable that future economic benefits or service potential associated with the item will flow to the Business Registration Service; and
- The cost or fair value can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The useful life of the intangible assets is assessed as either finite or indefinite. Reassessing the useful life of an intangible asset with finite useful life after it was classified as infinite is an indicator that the asset may have been impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Intangible assets are acquired.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Amortisation is provided to write down the intangible assets, on a reducing balance basis, to their residual values as follows:

Item	Depreciation	Useful life
Software	Reducing Balance	3 years

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at No charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Service.

f) Provisions

Provisions are recognized when;

- Business Registration service has a present obligation as a result of a past event
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The amount of the provision is the best estimate of the expenditure expected to be required to settle the obligation at the reporting date. Where the *Service* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate and are reversed if it is no longer probable that an outflow of economic resources embodying economic benefits or service potential will be required to settle the obligations. The details of the provisions made in preparing these Financial Statements are disclosed in Note 19

g) Contingent liabilities

Business Registration Service does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

h) Contingent assets

The *Service* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Changes in Accounting policies and estimates

The Service recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits

Retirement benefit plans

Business Registration Service provides retirement benefits for its permanent and pensionable employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or

constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits is charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The contribution towards employee pension scheme and staff gratuity for employees on contract are recognized in the statement of financial performance in the year in which the employees rendered their services to the Service.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Related parties

Business Registration Service regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Director General, Board of Directors, and senior managers.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank balances held at Kenya Commercial Bank at the end of the financial year.

n) Comparative figures

Business Registration Service financial statements include comparison of figures of the previous year.

o) Subsequent events

Events after the reporting date are those events both favourable and unfavourable, that occur between the reporting date and date when financial statements are authorised for issue. Subsequent events can be classified into two types

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events)

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

In preparing annual financial statements in conformity with IPSAS management is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Significant judgements, estimates and assumptions include;

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Service based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.
IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Service.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 19. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Depreciation and Amortisation

The Business Registration Service management determines the estimated useful lives and related depreciation charges on the basis of industry norm and increases the depreciation charge where useful lives are less than earlier anticipated

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Notes to the Financial Statements (Continued)

6. Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance Kshs	Amount recognised in capital fund.	Total grant income during the period	2023-2024
		Kshs.	Kshs.	Kshs.
State Law Office and Department of Justice	403,745,000		403,745,000	470,350,000
Total	403,745,000		403,745,000	470,350,000

All transfers recorded and recognized in the statement of financial performance have been confirmed and reconciled with those recorded by the State Law Office.

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Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Water	285,327	418,261
Electricity	1,634,999	2,044,980
Subscriptions	231,939	635,081
Advertising	1,080,000	27,132,189
Conferences and delegations	3,935,500	5,079,481
Hospitality	51,920	1,856,654
Rent and Rates/Storage facilities	67,015,693	66,911,756
Fuel and oil	28,500	166,000
Postage	9,450	18,790
Consultancy fees	276,000	3,455,360
Contracted Guards and Cleaning Services	4,624,260	5,706,750
Printing and publishing	4,105,670	4,532,868
Telephone and mobile services	30,000	1,716,000
Licensing fees for communication	4,973,094	4,059,142
Training	493,360	25,028,748
Trade Shows and Exhibitions	0	463,000
Newspapers and periodicals	27,270	0
Internet Connections	1,575,450	1,503,360
Bank charges	391,700	586,697
Fumigation (Sanitary & cleaning services)	220,257	436,377
Total general expenses	90,974,389	151,751,494

- Membership fees and subscriptions to professional bodies have substantially declined following the austerity measures implemented by the National Treasury.
- During the reporting period, BRS significantly reduced advertising expenses due to budgetary constraints. In comparison, the Service conducted roadshow campaigns during the comparative period.

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Notes to the Financial Statements (Continued)

- Conference costs and hospitality expenses have significantly declined compared to the previous period, reflecting the impact of austerity measures implemented by the National Treasury. These financial constraints have necessitated a reduction in discretionary spending across various operational areas. Notably, the budget cuts have also affected Telephone expenses.
- Fuel costs during the review period have decreased because the usage of that budget line has declined. This is attributed to the fact that the vehicles used by the service are owned by the Official Receiver and are maintained by the department.
- In the financial year 2023/2024 BRS spent Kshs. 3,455,360 under consultancy fees which reduced to Kshs. 276,000 in the FY 2024/2025.
- The number of contracted security guards was reduced due to budget cuts, resulting in a corresponding decrease in that vote line.
- The Training expense significantly reduced due to austerity measures introduced by the National Treasury on that vote line.

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7(b) Use of Goods and Services

DESCRIPTION	2024-2025
	Kshs
Use of Goods and Goods	90,974,389
Add: Licences for communication prepayment as at 30 th June,2025	1,201,041
Less : Licences for communication prepayment as at 1 st July,2024	(1,390,292)
Add: Membership Subscription to professional bodies prepayment as at 30 th June 2025	215,638
Add: Inventory as at 30 th June 2025	2,289,621
Less: Inventory as at 1 st July,2024	(3,175,002)
Total amount to the cashflow statement	90,115,695

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Notes to the Financial Statements (Continued)

8. Employee Costs

	2024-2025	2023-2024
	Kshs	
Salaries and wages	160,104,139	148,372,320
Travel, motor car, accommodation, subsistence and other allowances	21,793,488	19,065,390
Housing benefits and other allowances	50,137,936	47,602,859
Provision for Gratuity	23,500,066	22,950,029
Interns	0	2,460,000
Employer contribution to Staff Pension Schemes	16,592,110	14,795,530
Social Contributions NSSF	3,816,647	2,518,627
Employer Contribution to NITA	67,650	65,300
Employer contribution to health insurance	18,769,959	24,649,205
Other insurance costs (WIBA)	2,683,159	2,192,139
Group Life Insurance	4,235,000	2,823,333
Employers Contribution to Housing Levy	2,943,944	2,075,280
Acting Allowances	0	253,260
Employee costs	304,644,098	289,823,272

- The Salaries and Wages expense has increased due to the addition of new staff members who joined the Service in the financial year following the recruitment exercise.
- In the period ended June 2025, BRS did not engage employees on short term employment as compared to the comparative period.
- Social contributions increased due to the government's directives on increased contribution to the NSSF kitty.
- In the financial year 2023/2024 the expense under the group life insurance was low because it covered eight months while the current year under review it covered the whole year.
- There were no employees in acting capacity during the period under review hence the reduction in that expense.

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Notes to the Financial Statements (Continued)

8(b) Employee costs

DESCRIPTION	2024-2025
	Kshs
Employee Compensation as at note 7	304,644,098
Add: Prepayments for Medical Insurance, WIBA and Group Personal Insurance as at 30 th June, 2025.	7,218,278
Less: Prepayments for Medical Insurance, WIBA and Group Personal Insurance as at 1 st July, 2024.	(10,490,776)
Add: Employment Benefit obligation as at 1 st July 2024	75,699,435
Less: Employment Benefit obligation as at 30 th June, 2025	(52,342,173)
Total amount to the Cash Flow Statement	324,728,862

9. Board Expenses

Description	2024-2025	2023-2024
	Kshs	
Chairperson's Honoraria	694,194	960,000
Sitting Allowances	3,820,000	2,960,000
Travel and accommodation	1,787,194	1,286,231
Induction and Training	1,521,272	2,814,388
Total director emoluments	7,822,660	8,020,619

- The number of board trainings during the period ended 30 June 2025 declined compared to the same period last year, due to austerity measures introduced by the National Treasury.
- The sitting allowances travel and accommodation allowances for the board increased in the year under review compared to the previous financial year due to increased board engagements in various activities such as resource mobilizations and attending regulatory agencies sessions spearheaded by the Head of Public Service.

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Notes to the Financial Statements (Continued)

10. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
		Kshs
Property, plant and equipment	10,459,889	10,799,066
Intangible Assets	3,814,112	3,523,735
Total depreciation and amortization	14,274,001	14,322,801

11. Repairs and Maintenance

Description	2024-2025	2023-2024
		Kshs
Furniture and fittings	157,900	83,950
Computers and accessories	360,700	694,011
Refurbishment of building	0	6,330,418
Total repairs and maintenance	518,600	7,108,379

- There was reduction in the refurbishment of Building exercise hence the significant reduction in that expense.

11b) Repairs and Maintenance

DESCRIPTION	2024-2025
	Kshs
Repairs and maintenance	518,600
Add: Provisions as at 1 st July 2024	1,560,523
Less: Current provisions as at 30 th June 2025	0
Total amount to the cashflow	2,079,123

Notes to the Financial Statements (Continued)

12. Grants and Subsidies

Description	2024-2025	2023-2024
		Kshs
Community development	200,000	1,164,650
Total grants and subsidies	200,000	1,164,650

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13. Cash and Cash Equivalent

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank	58,579,095	80,601,277
Total cash and cash equivalents	58,579,095	80,601,277

13b) Detailed Analysis of the Cash and Cash Equivalent

Financial Institution	Bank Account number	2024-2025	2023-2024
		Kshs	Kshs
Current Account			
Kenya Commercial bank	1184110735	6,236,922	3,341,319
Kenya Commercial Bank	1300691360	52,342,173	77,259,958
Grand total		58,579,095	80,601,277

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Notes to the Financial Statements (Continued)

14. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable stores	2,289,621	3,175,002
Total inventories at the lower of cost and net realizable value	2,289,621	3,175,002

15. Prepayments

DESCRIPTION	2024-	2023-2024
	2025	
	Kshs	Kshs
Medical Insurance	4,912,225	8,184,723
Other Insurance Costs (WIBA)	894,386	894,386
Group Life Insurance	1,411,667	1,411,667
ICT Licences	1,201,041	1,390,292
Membership Subscription to Professional Bodies	215,938	0
Total current receivables	8,635,257	11,881,068

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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

	Furniture and fittings	Computers	Office Equipment	Total
DEPRECIATION PERCENTAGE	12.5%	33.3%	12.5%	
Cost	Kshs	Kshs	Kshs	Kshs
At 1 st July 2023	61,546,157	22,609,308	17,218,372	101,373,837
Additions		5,921,080	1,995,138	7,916,218
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30th June 2024	61,546,157	28,530,388	19,213,510	109,290,055
Additions	75,000	399,000	-	474,000
Transfers/adjustments	-	-	-	-
At 30th June 2025	61,621,157	28,929,388	19,213,510	109,764,055
Depreciation and impairment				
At 1 July 2023	14,019,812	14,341,864	5,223,214	33,584,889
Depreciation	(5,955,793)	(3,313,095)	(1,530,178)	10,799,066
Impairment	-	-	-	-
At 30th June,2024	19,975,605	17,654,959	6,753,392	44,383,956
Depreciation	5,203,350	3,699,024	1,557,515	10,459,889
Transfer/adjustment	-	-	-	-
At 30th June,2025	25,178,955	21,353,983	8,310,907	54,843,845
Net book values				
At 30th June 2024	41,570,552	10,875,430	12,460,118	64,906,100
At 30th June ,2025	36,442,202	7,575,406	10,902,603	54,920,211

17. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At the beginning of the year	5,001,953	6,325,688
Additions:	346,840	2,200,000
At the end of the year	5,348,793	8,525,688
Amortization and impairment		
Amortization of the year	3,814,112	3,523,735
At the end of the year	3,814,112	3,523,735
Net Book Value	1,534,681	5,001,953

Note 17 contains intangible assets with a net book value of Kshs. 1,534,681 and still addressing the additions for the FY of both Purchases of PPE and Intangible assets.

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Notes to the Financial Statements (Continued)

18. Current Provisions

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance at 1st July 2023	0	1,560,523
Additional Provisions for the period	0	0
Provision utilized during the period	0	0
Change due to discount and time value for money		0
Transfers from non -current provisions	0	0
Total provisions as at 30th June,2025	0	1,560,523

Employee Benefits

The Business Registration Service contributes to the statutory National Social Security Fund (NSSF), a defined contribution scheme established under the National Social Security Act. Contributions to this scheme are capped at specific amounts set by legislation from time to time.

In addition to the NSSF, the Business Registration Service has a separate defined contribution scheme for all permanent and pensionable employees. Under this scheme, employees contribute 10% of their basic salary, while the Service contributes 20%. Employer contributions are recorded as expenses in the statement of financial performance in the period they are incurred.

Furthermore, the Business Registration Service provides gratuity for all contract employees, contributing 31% of each employee's basic monthly salary.

This gratuity is payable upon contract expiration or separation and is recognized as a final obligation in the statement of financial performance in the year the contribution is made.

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Notes to the Financial Statements (Continued)

19. Non- Current Provisions

Description	Gratuity Provisions	
	2024/2025	2023/2024
	Kshs	Kshs
Balance as at 1 st July 2024	75,699,435	65,651,608
Additional provisions	23,500,066	22,950,029
Provision Utilised	(46,857,328)	(12,902,202)
Balance as at 30th June 2025	52,342,173	75,699,435

20. General Reserve

	Retained earnings
	Kshs
Balance as at July 1, 2023	90,146,657
Surplus/Deficit for the period	(1,841,215)
At June 30, 2024	88,305,442
Balance as at July 1, 2024	88,305,442
Surplus/Deficit for the period	(14,688,748)
At June 30, 2025	73,616,694

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Notes to the Financial Statements (Continued)

19. Cash Generated from Operations

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Surplus for the year before tax		(14,688,748)	(1,841,215)
Add Back Adjusted for:			
Depreciation for the year	10	14,274,001	14,322,801
Prior year depreciation/Adjustments			
Working Capital Adjustments			
Increase in Inventory	15	885,381	1,131,364
Decrease / Increase in Receivables	16	3,245,811	(2,985,868)
Increase in payables			
Decrease/ Increase in Provisions	19/20	(24,917,785)	10,047,827
Net cash flow from operating activities		(21,201,340)	20,674,909

20. Financial Risk Management

The Service has a policy framework on risk management. The strategic risk register is reviewed quarterly by management. Business Registration Service activities expose it to credit and liquidity risk

a) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Service. Credit risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows;

- Cash is placed with well-established financial institutions of high quality and credit standing and also approved by the National Treasury;
- The Service does not raise receivables in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding.

Business Registration Service exposure to credit risk at the end of the financial year is best represented by

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Notes to the Financial Statements (Continued)

	2024-2025	2023-2024
	Kshs.	Kshs.
Cash at Bank	58,579,095	80,601,277
Prepaid Medical Insurance	4,912,225	8,184,723
Prepaid Other Insurance Costs (WIBA)	894,386	894,386
Prepaid Group Life Insurance	1,411,667	1,411,667
Prepaid Membership subscription to professional bodies	215,938	
ICT Licences	1,201,041	1,390,292
Total	67,214,352	92,482,345

b) Liquidity Risk Management

Business Registration Service Liquidity risk is as a result of funds availability to cover future commitments.

Ultimate responsibility for liquidity risk management rests with the Business Registration Service directors, who have built an appropriate liquidity risk management framework for the management of the service short, medium and long-term funding and liquidity management requirements. Business Registration Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows

The amounts that best describes the Services exposure to liquidity risk at the end of the financial year is as follows;

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Current Provisions	0	0	0	0
Non-current provisions	0	0	52,342,173	52,342,173
Total	0	0	52,342,173	52,342,173
As at 30th June 2024				
Current Provisions	0	0	1,560,523	1,560,523
Non-Current Obligations	0	0	65,651,608	65,651,608
Total	0	0	67,212,131	67,212,131

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Notes to the Financial Statements (Continued)

21. Related Party Disclosures

Nature of related party relationships

Business Registration service-related party includes those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the Government, Directors and key management personnel.

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	403,745,000	470,350,000
Total	403,745,000	470,350,000
	2024-2025	2023-2024
	Kshs	Kshs
b) Key management compensation		
Directors' emoluments	7,822,660	8,020,619
Compensation to key management	61,140,517	50,639,700
Total	68,963,177	58,660,319

22. Contingent Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Court Case against BRS: Court award	25,000,000	25,000,000
Total	25,000,000	25,000,000

Judgement was entered against the Registrar of Companies for a sum of Kshs. 25,000,000 in a case regarding falsification of records by third parties

23. Events after the Reporting Period

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

24. Ultimate and Holding Entity

The Business Registration Service is a Semi- Autonomous Government Agency under the State Law office and Department of Justice. Its ultimate parent is the Government of Kenya.

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Notes to the Financial Statements (Continued)

25.Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

Appendix 1: Implementation of Status of Auditor -General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES				
1	<p>Non- Compliance with the State Corporations Advisory Committee Requirements</p> <p>As reported previously, Audit review of records provided for audit revealed that the Business Registration Service did not submit compliance reports for approval to State Corporations Advisory Committee (SCAC) as guided by the Office of the President Circular Ref. OP/CAB.9/1A of 11th March 2020</p>	<p><i>Management acknowledges the oversight in failing to provide the reports during the audit process. However, this has since been rectified, and the reports have now been shared with the audit team for their review and consideration. .</i></p>	Not Resolved	To appear in Parliament
2	<p>Irregular Extension of Contract for Comprehensive Medical Care.</p>	<p><i>Prior to the contract's expiry on 31st October 2023, BRS</i></p>	Not Resolved	To appear in Parliament

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	<p><i>Note 8 to the Financial Statement reflects Kshs. 289,599,272 in respect to employee costs. The expenditure includes Kshs. 24,649,205 in respect of employer contribution to health insurance. Review of records indicate that a contract for Corporate Medical Insurance cover with a commencement date of 1st Nov 2022 and expiring 31st December 2024 was signed at a cost of Kshs. 22,699,462. On expiry of the contract the service prepared an addendum to the contract to include renewal of the contract for one year at an enhanced cost of Kshs. 24,975,028. The increments of Kshs.2,275,566 was not explained or justified</i></p>	<p><i>conducted a staff survey on CIC Insurance's performance, which supported a contract renewal. CIC proposed a 20% premium increase, citing a 7% inflation rate, increased loss ratio, and a rise in BRS beneficiaries. Management conducted a market survey, confirming CIC remained the most competitive. The Evaluation Committee reviewed the proposal on 26th October 2023 and forwarded its recommendations to the Head of Procurement, who issued a professional opinion to the Accounting Officer. The Accounting</i></p>		
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		<p><i>Officer approved the contract variation.</i></p> <p><i>The contract sum increased by Kshs. 2,275,566—from Kshs. 22,699,462 to Kshs. 24,975,028—due to an increase in beneficiaries (from 379 to 393) and inflation. The variation complied with the 25% limit under Section 139(4)(b) of the Public Procurement and Asset Disposal Act.</i></p>		
Report on effectiveness of Internal Controls, Risk Management and Governance				
1	<p>Under Staffing of the Service Review of the staff establishment as at 30 June, 2024 revealed that, the Business Registration Services had 113 employees out of the recommended staff establishment of 162 resulting to an understaffing of 49 staff</p>	<p><i>BRS has not yet reached its full staffing capacity due to budgetary constraints. Recruitment is typically done in phases based on business needs.</i></p>	Not Resolved	To appear in Parliament

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	or (30%) of the approved establishments	<i>During the FY 2023-2024, BRS conducted a recruitment exercise, absorbing 13 new staff members. The organization is working towards achieving optimal staff establishment.</i>		
2.	Weak Controls over Imprest Management. Review of imprest register maintained by management revealed that register did not contain key information such as miscellaneous receipt (MR) number for cash surrenders, voucher numbers for bill surrenders, outstanding balances, records of recovery from salary and date of surrender. Further imprest warrants amounting to Kshs. 1,200,000 were not signed by the imprest holders and certified by the respective heads of departments	<i>The imprest register initially provided to the auditors was an improvised version and lacked the necessary columns for proper record-keeping. However, this issue has since been addressed, and the register has been updated to include all the required fields to ensure compliance with Accounting Standards.</i>	Resolved	To appear in parliament
3.	Failure to open County Offices;	<i>This is due to budgetary limitations that have</i>	Not Resolved	To appear in Parliament

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	<p>As previously reported, Audit Review of Business Registration Service (BRS) records on regional offices revealed that operational branches are only in Kisumu and Mombasa Counties. However, strategic plan for the period 2021-2026 did not consider opening of regional offices operations or opening in other Counties in Kenya which is contrary to Section (3) of Business Registration Service Act, 2015.</p>	<p><i>impacted the implementation of this requirement. However, BRS has onboarded all its services to the e-citizen enabling the Public to access all of the services online. The BRS draft strategic plan 2023-2027 incorporates the opening of regional offices in other counties</i></p>		
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Sign.....

 Director General
 Date.....
 4/11/2025

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Appendix II: Inter-Entity Transfers

BUSINESS REGISTRATION SERVICE				
Breakdown of Transfers from the State Law Office and Department of Justice				
FY 2024/2025				
a.	Recurrent Grants			
	Reference number	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	0020070899	06/08/2024	27,645,417.00	2024-2025
	0020071058	30/08/2024	27,645,417.00	2024-2025
	0020071290	02/10/2024	27,645,416.00	2024-2025
	KE/NAIROBI/KE/N	31/10/2024	27,645,417.00	2024-2025
	KE/NAIROBI/KE/N	29/11/2024	27,645,417.00	2024-2025
	KE/NAIROBI/KE/N	03/01/2025	27,645,416.00	2024-2025
	KE/NAIROBI/KE/N	07/02/2025	27,645,417.00	2024-2025
	KE/NAIROBI/KE/N	13/03/2025	27,645,416.00	2024-2025
	KE/NAIROBI/KE/N	08/04/2025	27,645,416.00	2024-2025
	KE/NAIROBI/KE/N	29/04/2025	27,645,417.00	2024-2025
	KE/NAIROBI/KE/N	05/05/2025	72,000,000.00	2024-2025
	KE/NAIROBI/KE/N	09/06/2025	27,645,417.00	2024-2025
	KE/NAIROBI/KE/N	27/06/2025	27,645,416.00	2024-2025
	Total		403,745,000.00	

BRS received a total of Kshs. 403,745,000 as Authority to Incur Expenditure (AIE) from the Office of the Attorney General and Department of Justice. Receipt of the money has been acknowledged and reconciliation done.

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Deputy Director Finance &Accounts	Head of Accounting Unit
Business Registration Service	Office of the Attorney General
Sign..... <i>[Signature]</i>	Sign..... <i>[Signature]</i>
Date..... <i>4/11/2025</i>	Date..... <i>4/11/2025</i>



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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others – Grants	
Office of the Attorney General and DOJ	06/08/2024	Recurrent	27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	30/08/2024		27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	02/10/2024		27,645,416.00	27,645,416.00	-	-	-	-	27,645,416.00
	31/10/2024		27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	29/11/2024		27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	03/01/2025		27,645,416.00	27,645,416.00	-	-	-	-	27,645,416.00
	07/02/2025		27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	13/03/2025		27,645,416.00	27,645,416.00	-	-	-	-	27,645,416.00
	08/04/2025		27,645,416.00	27,645,416.00	-	-	-	-	27,645,416.00
	29/04/2025		27,645,417.00	27,645,417.00					27,645,417.00

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	05/05/2025		72,000,000.00	72,000,000.00	-	-	-	-	72,000,000.00
	09/06/2025		27,645,417.00	27,645,417.00	-	-	-	-	27,645,417.00
	27/06/2025		27,645,416.00	27,645,416.00	-	-	-	-	27,645,416.00
Total			403,745,000.00	403,745,000.00	-	-	-	-	403,745,000.00