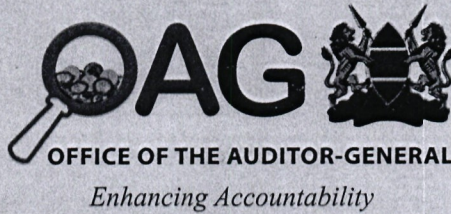


REPUBLIC OF KENYA



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

RECEIVED
27 MAY 2021
14:20 pm
DIRECTOR GENERAL (BRS)
HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

BRS/MAIN/2019/2020/(35)

26 May 2021

*Tabled in
June 9, 2021
(Afternoon)*

The Director General,
Business Registration Service,
P. O. Box 30031-00100,
Sheria House,
Harambee Avenue,
NAIROBI.

Mwalu DEFA

*President.
KG.*

PARLIAMENT
OF KENYA
LIBRARY

27/5/21.

Dear Sir,

REPORT OF THE AUDITOR-GENERAL ON BUSINESS REGISTRATION SERVICE FOR THE YER ENDED 30 JUNE, 2020.

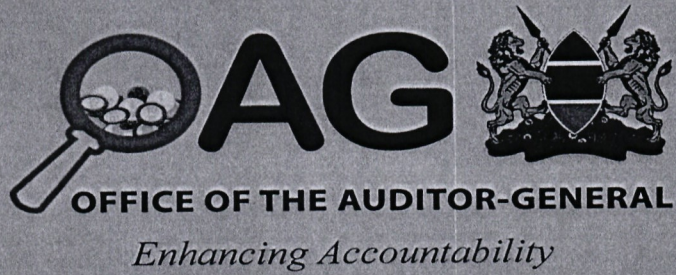
Enclosed herewith please find one (1) set of Business Registration Service for the year ended 30 June 2020 duly certified and with the seal of the Auditor-General affixed thereon for your use and retention.

Please make arrangements to print a copy of the audited financial statements and submit to the National Assembly for appropriate action in accordance with Article 229 (8) of the Constitution of Kenya.

Yours faithfully,

N. Waithima
N. Waithima,
For: Auditor-General.

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

BUSINESS REGISTRATION SERVICE

**FOR THE YEAR ENDED
30 JUNE, 2020**



Republic of Kenya

Office of The Attorney General and Department of Justice
BUSINESS REGISTRATION SERVICE

Ease of Doing Business

BUSINESS REGISTRATION SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020

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

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

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I. KEY ENTITY INFORMATION

A. Background information

The Business Registration Service (BRS) is established by the Business Registration Service Act No.15 of 2015. The Organisation is a State Corporation under the Office of the Attorney General and Department of Justice. BRS is domiciled in Sheria House, Nairobi, Kenya and has county representation in Huduma Centres in twelve counties.

B. Principal Activities

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 generally implementation of policies ,laws and other matters relating to registration of companies, partnerships and firms, individuals and corporations carrying on business under a business name, insolvency, hire purchase and the movable collateral registry.

(i) VISION

A world –class leader in providing quality and efficient services.

(ii) MISSION

To make the business sector competitive by streamlining and automating the business registration processes, in line with international best practices and global trends to ensure quality delivery of services.

(iii) MANDATE

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

Notwithstanding the generality of the mandate stated above, the Service-

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

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- a) carry out registrations required under the various acts governed by the Service;
- b) maintain registers, data and records on registrations carried out by the Service;
- c) Implement relevant policies and guidelines and provide Cabinet Secretary with necessary information to guide the formulation of policy and amendment of existing policy and guidelines;
- d) Carry out research and disseminate research findings in fields covered by relevant laws through seminars, workshops, publications and to recommend to the Government any improvement in the relevant laws;
- e) Collaborate with other state agencies for 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 Business Registration Service Act.

(iv) STRATEGIC OBJECTIVES

- i. To review and develop legislation, policies, guidelines to enhance ease of doing business;
- ii. To provide accessible, reliable and innovative registration services;
- iii. To promote transparency in business ownership;
- iv. Enhance efficiency in resolution of insolvency;
- v. Enhance institutional capacity; and
- vi. To create a corporate brand that enhances the visibility of the products and services of the organization.

C. Key Management

Business Registration Service day-to-day management is under the following key organs:

- Director General
- Official Receiver
- Registrar of Companies
- Head of the Movable Property Security Rights Registry
- Principal Accountant

D. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Board of Directors	Business Registration Service

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For the year ended June 30, 2020

2	Director General(BRS)	Mr. Kenneth Gathuma
3	Official Receiver	Mr. Mark Gakuru
4	Registrar of Companies	Ms. Joyce Koech
5	Head of MPSR	Mr. Joseph Onyango
6	Head of Finance and Accounts	Mr. Erastus K. Mbalu
7	Head of Procurement	Ms. Sarah Kingi

E. Fiduciary Oversight Arrangements

Business Registration Service committees

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

The main responsibilities of the Committees are as follows;

i. The Audit and Governance Committee

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

ii. The Human Resource and Finance Committee

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

iii. The Compliance and Risk Committee

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

iv. The Technical and strategy Committee

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

The following board of directors served partially in the financial year 2019/2020:

NAME	DATE OF APPOINTMENT	OF	DATE OF RETIREMENT
Lucas Mwago	4 th June 2019		25 th March 2020
John Mwendwa	26 th March 2020		25 th March 2023
Njeri Wachira	3 rd December 2019		2 nd December 2022

F. Business Registration Service (BRS) Headquarters

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

G. Business Registration Service Contacts

Telephone: +254 202227461/2251355/07119445555/0732529995
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

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

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

THE BOARD OF DIRECTORS



Ms .Carol Musyoka
(Chairperson)
LL.B.(UON)
MASTERS

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

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

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



Carol currently provides bespoke training solutions to a number of multinational and locally owned companies in the region on Leadership and Corporate Governance. For the last seven years, Carol has also been the Academic Director for the corporate governance programs at Strathmore University Business School. On an international level, Carol is part of the Durham, North Carolina based Duke Corporate Education (www.dukece.com) faculty and is involved in providing leadership deliveries for some of their global clients. Carol has also provided strategic leadership training to clients of CapitalPlus Exchange, a Chicago based organization that provides peer-learning events to small business banking financial institutions in Africa and Asia (www.capplusexchange.org).

Carol is a holder of a Bachelor of Law degree from the University of Nairobi and a Master of Law degree from Cornell University, USA. Carol is also a recipient of the

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

	<p>2010 Eisenhower Fellowship for International Leadership.</p> <p>She served as the Chairperson of the Business Registration Service Board from 4th January 2016 to 3rd January 2019 and was reappointed for a period of 3 years with effect from 3rd May 2019.</p>
 <p>Ms. Njeri Wachira (Alternate to the Solicitor General)</p>	<p>Born in 1968, Ms. Njeri Wachira is currently the Head of the International Law Division at the Office of the Attorney General and Department of Justice.</p> <p>She has served in the State Law Office since 1991 to date. She has also served as the head of legal and corporate affairs at Seven Seas Technologies Group and the Legal Adviser at the East African Community Secretariat for two years.</p>
 <p>Ms. Shella Sheikh (Member)</p>	<p>Born in 1961, Ms. Shella Sheikh holds a Bachelor of Laws Degree from the University of London and previously with a Bachelor of Arts in Economics from the University of Nairobi. She is an advocate of the High Court of Kenya and has been in practice for over fifteen years. Shella previously trained and worked for K.H Osmond Advocates alongside the Managing Partner.</p> <p>In 2002, Shella ventured out to establish her own private practice.</p> <p>She served as a board member of Business Registration Service from 4th January 2016 to 3rd January 2019. She was reappointed as a board member for a period of 3 years with effect from 3rd May 2019.</p>

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020



Ms. Catherine Musakali
(Member)

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

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

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

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

She is a founder and Chairman of The Women on Boards Network and is currently the Company Secretary of a number of Companies and sits on various Boards including those in the public and private sectors. She has previously served as a Director at Nairobi Securities Exchange, Association of Kenya Insurers (AKI) and was at one time the Chairman of Kenya Seed Company Limited.


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

Catherine has been the Chief Judge, Corporate

BUSINESS REGISTRATION SERVICE

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	<p>Governance, FiRe Awards and is a trained Corporate Governance Trainer, Governance Auditor and Board Evaluator and has developed policies on governance for a number of institutions. She also consults for the IFC.</p> <p>Catherine holds a Bachelor of Laws Degree and a Master of Laws Degree from the University of Nairobi, a Higher National Diploma in Law (Kenya), as well as a certificate in Securities and Investment from the Securities and Investment Institute (London).</p> <p>Catherine was appointed to the Board on 2nd October 2017 and chairs the Audit and Governance Committee.</p>
 <p>Mr. Brian Omwenga (Member)</p>	<p>Born in 1981, Mr. Brian Omwenga is a Computer Science doctoral candidate and part-time lecturer at the University of Nairobi, School of Computing and Informatics. He holds a Graduate Degree in Engineering Systems, Technology and Policy from the Massachusetts Institute of Technology (MIT).</p> <p>He was the Lead Enterprise Architect for the Kenya Government ICT and Enterprise Architecture. He has previously worked for PwC, Microsoft, and Nokia Research Africa. He has been credited as a respected African inventor with several publications and software patents. He is the founding chair of the Tech-Innovators SACCO of Kenya and also chaired the Software and Systems Engineering technical committee at the Kenya Bureau of Standards.</p> <p>He was first appointed as a Business Registration Board member on 3rd May 2019 and chairs the Technical and Strategy Committee.</p> <p>He was first appointed as Business Registration Board member on 3rd May 2019.</p>

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For the year ended June 30, 2020



**Mr. James Ndung'u Mureu
(Member)**

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

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

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 3rd May 2019 and chairs the Human Resource and Finance Committee



**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 University of Nairobi.

She has served in the ministry of Planning of National Development from 1991 to 1994, Ministry of Research and Technology (1994-1998) Ministry of Finance 1998-2010 as head of Intergovernmental Fiscal Relations and Business Regulation Reform Units. she served as Chief Economist in National Treasury from 2010-2016.

She has attended Courses on Fiscal Decentralised and Financial management and Tax Policy Analysis and Revenue forecasting at the Harvard University USA & Macro Economic Diagnostics at the IMF institute in USA.

She also serves in Kenya Hotel Properties Ltd Company and has also previously served in KIPPRA Board, Kenya Vehicles Manufacturers Board and LATIF Advisory Board.

Annual Reports and Financial Statements

For the year ended June 30, 2020



Mr. John Mwendwa, OGW
(Representative of the
Permanent Secretary, Ministry of
Industry, Trade & Cooperatives)

Born in 1983, John is the Acting Secretary/ Director General Department of Business Reforms & Transformation (Ease of Doing Business) in the Ministry of East African Community & Regional Development. He is responsible for the development and implementation of the Business reforms and transformation agenda across Government.

Prior to his current role, he served as the Director of Portfolio Management in the Ministry of Industry, Trade and Cooperatives from 2015 to July 2018 where he was also the Chief of Staff for the Cabinet Secretary.

His earlier career in Banking saw him serve in various parts of the Barclays Group in strategy and executive management in Kenya and South Africa from 2007 to 2013. John has a Masters of Commerce Degree in Finance from Strathmore University and Bachelor of Commerce Degree in Finance from Kenyatta University. He is a member of the Academy of Accounting and Financial Studies of Canada (AAFSJ).



Mr. Kenneth Gathuma,
Director General

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

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

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

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For the year ended June 30, 2020



Ms. Barbara Nguyu
(Ag. Corporation secretary)

Ms. Barbara Nguyu is an Advocate of the high Court of Kenya .She holds a Bachelor of Laws Degree from Moi University and a Diploma from Kenya School of Law .Currently she is pursuing her Masters in Laws from The University of Nairobi.

Until her appointment as the Ag. Corporation secretary she was a litigation counsel at the Office of the Attorney General and Department of Justice where she specialised in commercial arbitration.

MANAGEMENT TEAM



Mr. Kenneth Gathuma,
Director General

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

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

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



Mr .Mark Gakuru
(Official Receiver)

Mr. Mark Gakuru an Advocate of the High Court of Kenya with over 15 years of legal and administrative experience obtained in both the private and public sectors. He is the Official Receiver and as such a regulator in Insolvency practice in Kenya. He holds Master's Degree in Laws (L.L.M) from the University of Nairobi.



Ms. Joyce Koech
Registrar of Companies

Ms. Joyce K. Chepngetich is an advocate of the High Court of Kenya with over 8 years' experience.



Currently, she is in charge of the Company Registry.

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.

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

 <p>Mr. Joseph Onyango (Deputy Registrar Movable Property Security Rights and Hire Purchase Registries)</p>	<p>Mr. Joseph Onyango is an advocate of the High Court of Kenya with over 26 years of practical experience in legal and administrative duties in public sector. Currently, he is the head of Movable Property Security Rights and Hire Purchase Registries.</p> <p>He holds a Bachelor of Laws and Business Administration Degrees from the University of Agra in India.</p>
 <p>Mr. Erastus Mbalu (Head of Finance and Accounts Division)</p>	<p>Mr. Erastus Mbalu is a Certified Public Accountant (CPA-K) with over 10 years' experience obtained in public sector. He is the Head of Accounts and finance and has previously served in several ministries as well as serving under secondment in African Rehabilitation Institute (ARI-AU) as finance and administration officer. He holds a Bachelors of Commerce Degree (Accounts Option) from KCA University.</p>

Annual Reports and Financial Statements

For the year ended June 30, 2020

CHAIRPERSON'S STATEMENT

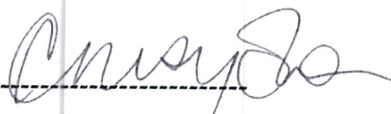
The Financial Year 2019/2020 was yet another year of growth for the Business Registration Service. The Board of Directors spearheaded the policy direction in achieving the BRS key objective of transformation of service delivery to the public.

The Board has overseen the implementation of its oversight role and plugged revenue leakage by directing the use of digital payment methods for services provided through the Government Digital Payments System known as E-Citizen. Revenue collection in BRS has continually registered a significant growth over the years.

Overall, the reforms on doing business sponsored by the Service have greatly contributed to improvement in business laws and registration processes, which fall under the administration of the Business Registration Service. We have been able to achieve a remarkable milestone of registering businesses in one step in one day which is a global standard we have strived to achieve over the years.

Finally, the Board of BRS is keen to ensure that the institution completes the delinking process from the Office of the Attorney-General and Department of Justice within the next financial year. This is critical taking into account the need for the mandate of the organization to be fully exercised and as well allow us to consolidate the gains made over the last three years. We can on that account achieve the vision of full digitization, automation of the institution's processes which in turn will allow us to provide excellent service delivery to the public and other Government agencies.

I sincerely thank Justice (Rtd.) Paul Kariuki Kihara, the Attorney General and Mr. Kennedy N. Ogeto the Solicitor General for the invaluable support they have accorded us during the reporting period 2019/2020.



CAROL MUSYOKA
CHAIRPERSON

REPORT OF THE DIRECTOR GENERAL FOR FINANCIAL YEAR 2019/2020

During the FY 2019/20, the Service made greater strides in making the Kenyan business Sector competitive. One of the key highlights from this period is that Kenya made improvement in the World Bank Doing Business Index by moving 6 places up globally in the ranking to position 56 from the previous rank of 61. This was largely attributed to the various reforms carried out by the Government on various fronts and including some undertaken by the Business Registration Service. Kenya endeavours to be a favourable investment destination and it therefore aims to achieve a top 40 position before the year 2021 and we shall continue to play our role as an organization.

The Service continues to grow revenue collection, over the years the contribution to the exchequer has increased two fold with the establishing of Business Registration Service in 2015. To maintain this trajectory, the Service seeks to automate outstanding workflows, recruit skilled, committed staff and relocate BRS offices to enhance efficiency and growth. Business Registration Service intends to undertake a comprehensive business re-engineering process exercise whereby all services will be automated. The Service will develop functional requirements by analysing the current gaps and proposing solutions of reengineering the processes.

During the FY, the Board approved the procurement and deployment of alternative hosting of the BRS portal as a disaster recovery and to ensure business continuity. In the past, BRS has experienced acute server resource challenges within the BRS E-citizen Portal that had made it challenging to offer services to members of the public.

We then proceeded to engage the National Treasury regarding the issue of system down time and we were directed to procure an alternative solution to be hosted within BRS.

BRS then acquired infrastructure as a service solution which entailed the setup of a replica of the Safaricom BRS eCitizen portal server as a virtual private server.

During the Year, BRS commenced the process of developing its inaugural strategic plan to address the increasingly complex and changing needs. The strategic plan will reflect the

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

unique mandate of BRS and one that appropriately builds capabilities and prepares the workforce with the skills, and competencies needed to deliver the expansive mandate.

The Board prioritised recruitment of staff as per the approved organisation structure. This will finalize the delinking process from the Office of Attorney General having delinked the financial management in 2018/19. During the year under review the board recruited 7 senior members of management as follows:

1. Kenneth N. Gathuma Director General
2. Joyce C. Koech: Registrar of Companies
3. Mark M. Gakuru: Official Receiver
4. Doris N. Wambugu: Director Legal Compliance and Risk
5. Jones O. Otuke Director Corporate Services
6. Yusuf S. Saleh Deputy Director Human Resource Management
7. Amos W. Otanga Senior ICT Officer

The other phases of recruitment of are ongoing scheduled to be completed in the FY 2020/21.

It has become imperative that as the Service grows it leverages on ICT to improve efficiencies in service delivery processes. The procurement of an Enterprise Resource Planning (ERP) system was commenced in the last FY to automate processes in Human Resource, Procurement, and Finance. This will increase efficiencies and enhance service delivery.

The FY 2019/20 was a challenging one for many of our stakeholders who were negatively affected the COVID-19 pandemic. We put in place internal and external measures to ensure continuation of service delivery according the business continuity plan that was put in place during the health crisis. We were largely able to carry on providing services with slight interruptions.

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

We further developed guidelines to enable businesses continue to meet their compliance requirements with regard to the conduct of meetings in a virtual or hybrid manner. All companies were allowed to conduct virtual meetings where it was impractical to hold a physical meeting owing to the current COVID-19 congregation restrictions.

Despite the difficulty economic reality in FY 2019/20 the number of registrations for private, public companies and Business names increased marginally as compared to the FY2018/19. Private companies registered in 2019/20 where 42,708 compared to 41, 977 in 2018/19. The service registered 102 public companies in FY 2019/20 as compared to 90 in 2018/19. Name searches declined significantly from 405,669 in 2018/19 to 278,361 in 2019/20 due to the implementation of one step registration where a separate name reservation process was done away with as it was merged with the business registration processes into one easy step. This reform has been applauded in enhancing ease of doing business.

I also wish to thank the Attorney General, the Solicitor General, the Board of Directors and members of staff and our stakeholders for their continued support and commitment in executing the mandate of the organization.



KENNETH GATHUMA, HSC
DIRECTOR GENERAL

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

REVIEW OF BUSINESS REGISTRATION SERVICE PERFORMANCE FOR FY 2019/2020

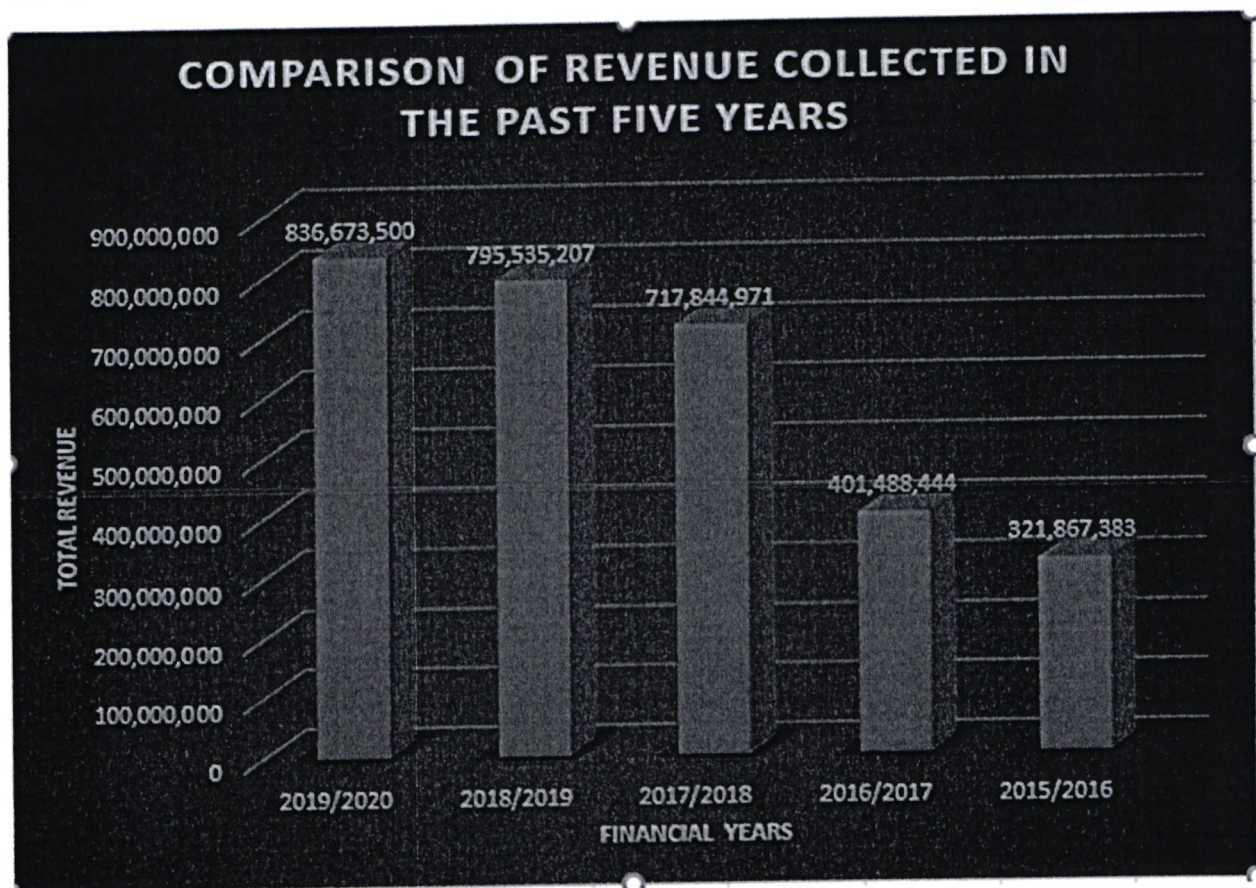
Revenue Collection

Business Registration Service has been designated as revenue collector by the National Treasury in accordance to the Public Finance Management Act. During the FY2019/20, revenue to the exchequer grew by 5.1% from Kshs. 796.2 million in 2018/19 to 836.7 million in 2019/2020. The revenue growth is as shown below.

Table Revenue collection

Financial Year	2019/20	2018/19	2017/18	2016/17	2015/16
Revenue Collection	836,673,500	795,535,207	717,844,971	401,488,444	321,867,383

 **SIGN** HERE



Services/ Registrations Made During the Financial Year

Business Registration Service (BRS) is mandated to oversee the operations of the Companies Registry, Movable Property Security Rights Registry (Collateral Registry), Insolvency (Official Receivers) Registry and the Hire Purchase Registry. The Service registered business entities as analysed in the table below;

Table: Services/ Registrations Made During the Financial Year

Unit	Cumulative for FY 2017/2018	Cumulative for FY 2018/2019	Cumulative for FY 2019/2020
Name searches	412,538	405,669	278,361
Private Companies	46,400	41,977	42,708
Business Names	65,994	64,148	74,466
Public Companies	85	90	102
Foreign Companies	194	192	145

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

Companies Limited by Guarantee	358	349	520
Limited Liability Partnerships	380	382	420
Notice of Initial Registration – MPSR	105,154	91,040	102,218
Searches - MPSR	3,926	5,253	14,003

Services/ Registrations made Per Quarter

The number of registrations decreased significantly in the fourth quarter of FY 2019/20 in comparison with the previous FY due to the impact of the Covid-19 pandemic and the resultant economic and financial downturn in the country. The number of registrations in the fourth quarter dipped compared to the first three quarters. Registration activities picked-up in the month of June and the trend is expected to be sustained to the next financial year. The table below indicated the quarterly performance for FY 2019/2020;

Table: Services/ Registrations Quarterly Comparison

Unit	Q1- FY 2019/2020	Q2- FY 2019/2020	Q3- FY 2019/2020	Q4- FY 2019/2020
Name searches	104,652	93,289	77,628	2,792
Private Companies	11,931	9,843	11,260	9,674
Business Names	17,043	16,861	21,521	19,041
Public Companies	22	17	21	42
Foreign Companies	42	40	38	25
Companies Limited by Guarantee	133	117	168	102
Limited Liability Partnerships	97	119	108	96
Notice of Initial Registration – MPSR	40,442	24,750	25,488	11,538
Searches - MPSR	3,664	3,642	3,496	3,201

BUSINESS REGISTRATION SERVICE

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BUSINESS REGISTRATION SERVICE CORPORATE GOVERNANCE STATEMENT

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

- (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.

The Boards Key Achievements during the Financial Year 2019/2020 were:

- (i) Recruited Director General, Official Receiver, Registrar of Companies and Director Corporate Service, Director Legal, Research and Compliance, Deputy Director Human Resource and Administration and Senior Information Communication Officer.
- (ii) Approved and continuously monitored the Services Budget, Work plan and Procurement plan;
- (iii) Implemented the Service's Performance contract with the Office of Attorney General and Department of Justice;
- (iv) The Board approve BRS Enterprise Risk Management Policy;

The Business Registration Board is established pursuant to Section 5 of the Business Registration Act 2015. The board comprises the Chairperson, four (4) independent board members. The Board also includes the Solicitor General, Principal Secretaries to The National Treasury; the Ministry for the time responsible for matters relating to trade. The Director General is an ex-officio member. The Board brings together Members from different

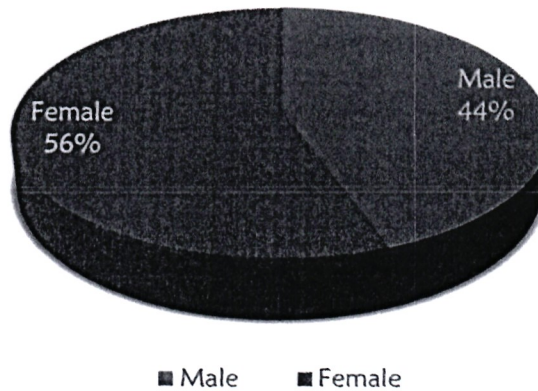
Annual Reports and Financial Statements

For the year ended June 30, 2020

professional backgrounds with diverse skills, competencies and complies broadly with the constitutional gender balance requirements as shown in Figure 1 below.

Figure 1: Board Gender Representation

Board Gender Representation



The Board is committed in 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 act in good faith to the best interest of the public. The board is committed to ensure that 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. The Board comprises of eight members appointed on term of three (3) years eligible for reappointment for a one further term.

Board Attendance

The Board meets at least once every quarter. The number of meetings held by the board and its committees are as shown below with each member attendance: -

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

Table; Board Members and Attendance

Board Member	Designation	Technical and Strategy Committee (Total Number of meetings held: FIVE)	Audit and Governance Committee (Total Number of meetings: TWO)	Human Resource and Finance Committee (Total Number of meetings: FIVE)	Compliance and Risk Committee (Total Number of meetings: FOUR)	Full board meetings (Total Number of meetings: FIVE)
Ms. Carol Musyoka	Chairperson	N/A	N/A	One	N/A	Five
Mr. Brian Omwenga	Chairman Technical and Strategy	Five	Two	N/A	N/A	Five
Mr. James Ndung'u Mureu	Chair Human Resource and Finance	N/A	N/A	Five	Four	Five
Ms. Shella Sheikh	Chair Compliance and Risk	Five	N/A	Five	Four	Five
Mrs. Catherine Musakali	Chair Audit and Governance	Four	Two	N/A	N/A	Five
Ms. Njeri Wachira	Member	One	N/A	One	One	One
Ms. Josephine Waruguru Macharia-Kanyi	Member	N/A	Two	Five	Four	Five
Mr .John Mwendwa	Member	One	N/A	N/A	N/A	N/A
Lucas Mwago	Member	Four	Two	N/A	N/A	Five

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 has been integrated into day to day operations across all departments. This guarantees that risks are managed optimally and comply with the approved policies and tenets of good corporate governance. In the year under review, the Service developed its Enterprise Risk Management Policy and continued to implement mitigation strategies to ensure that the risk levels are minimized.

The Risk Management Procedures and Registers were reviewed and aligned to the Risk Policy. The Board, Management and Staff were also trained on risk management practices.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Business Registration exists to transform lives and this is the driving force in everything we do. The Service puts the customer/ citizen first and deliver relevant services. The service is committed to improving operational efficiency to provide excellent services to it clients. The World Bank Report, Doing Business 2020, ranks Kenya at position 56 globally, up from position 61 last year. Business Registration Service together with its strategic partners and stakeholders have made this possible. The Business Registration Service exist to make the business sector competitive by streamlining and automating the business registration processes, in line with international best practices and global trends to ensure quality delivery of services.

As a responsible organisation, the Service respect the interests of our stakeholders, employees, customers, suppliers, development partners, and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the community.

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

The Service understands and appreciate the important role that the environment plays in promoting development and in ensuring that the goals set out in Vision 2030 are achieved. During the FY 2019/20, the Service partnered with Office of Attorney General involved in the tree planting at the Ngong' Forest. This tree planting exercise was in line with the directive given by His Excellency the President that all State Corporations should dedicate 10% of their annual Corporate Social Responsibility.

SUSTAINABILITY STRATEGY AND PROFILE

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

Having been established in 2015 the Service is relatively new and it is going through a transition to position itself as a Semi-autonomous Government Agency (SAGA) as envisaged in the Business Registration Act, 2015. During the Financial Year BRS embarked on preparation of 2020-2025 strategic plan. This being the first strategic plan of the Service, it will scan the operating environment and seek to build on the gains made and embed sustainability strategies while responding adequately to the changes in the environment.

EMPLOYEE WELFARE

Business Registration Service has identified its human resources have the greatest importance in gaining sustainable competitive advantage and efficiency. Thus, Services labour force is considered as productive assets not costly assets.

To build capacity and fully delink the Service from the Office of Attorney General and Department of Justice, the board competitively recruited Senior Management as per the approved staff establishment. This recruitment set the base upon which suitability testing as provided for the Business Registration Act 2015 Section 31.

The Board approved the establishment of employee welfare schemes, the welfare schemes approved include the Staff Medical Scheme, Group, Personal Accidents Cover, Group life and a defined Retirement Benefit Scheme for employees on permanent and Pensionable terms of employment. The service pays service gratuity for employees on contract as per their terms of employment.

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BRS commits itself to the achievement of the highest standards of health and safety in the workplace and the elimination or minimization of health and safety hazards and risks that may affect its employees. BRS has in place a well-articulated policy on health and safety implemented to assure protection from any form of hazard and disasters in compliance with the provision of Occupation safety and Health Act (OSHA) of 2007 and other labor laws. To compliment this initiative, an OSHA committee is in place with its membership drawn across the seven department to support in creating awareness and assist in times of any disaster at workplace. The committee meets at least twice every quarter to review and assess the progression on safety measures in the workplace.

Gender balance has always been an integral part of the Business Registration Service 's social fabric and continues to be a key priority for the future. BRS is committed in ensuring the realization of the gender balance and adoption of a concrete action plans to entrench gender balance practices in all our recruitment and selection policies and procedures. Aligned with the government's goals, the BRS has out best practices and policies to embed gender balance more deeply into the culture of our organizations. Staff Gender representation is in compliance with the constitution. Staff Gender representation as at 30th June, 2020 is as follows.

Figure 2; Staff Gender representation



SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit is mandated to manage the procurement and asset disposal processes as per the Public Procurement & Asset Disposal Act, 2015 (PPAD). During the FY 2019/20, the Service complied with the PPAD Act, 2015. The Service settled all contracts within the year under review and does not have any pending bill as at 30th June 2020.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Service continued to leverage on ICT to improve its service delivery, efficiency of internal operations, engagement with stakeholders as well as the general public. This was achieved through automation of public facing services. The Stakeholders were trained on how to file online submissions on the e-citizen portal.

FINANCIAL MANAGEMENT

The Service continues to prudently use its resources towards the achievement of its mandate and approved annual work plans. The Service applies its resources as provided for in the Public Finance Management Act of 2012 and regulations of 2015. The Service is fully funded from the Exchequer and Development Partners. The service does not generate any Appropriation in Aid (AIA)

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

The Service is a collector of revenue and during the Financial Year 2019/20 the Service collected and surrendered to the exchequer revenue amounting to Kshs. 836.6 million. Going forward the Service engagements with The National Treasury and Planning and Development and Office of Attorney General to facilitate relocation of the Service Offices to enhance service delivery and increase revenue collection.

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Operational and Financial Performance

The Business Registration Service (BRS) was established by the Business Registration Service Act No.15 of 2015. At cabinet level, the Service is represented by the Attorney General who is responsible for the general policy. The organisation has continued to carry out its mandate efficiently despite limited resources. Revenue collection continues to increase due to digitization of services on E- citizen platform.

Service received Kshs. 331,170,000 recurrent grants from the Government to implement its programmes for the year under review.

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

Business Registration service activities expose it to a variety of financial risks including credit risk and liquidity risk. The Service overall risk management programme focuses on the unpredictability of the economy and seeks to minimise potential adverse effects on its financial performance.

BUSINESS REGISTRATION SERVICE

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Business Registration Service regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision the Board of Directors.

The service provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk and credit risk.

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 is spearheaded by the Board of Directors.

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2020 which show the state of the Business Registration Service affairs.

Principal activities

The Business Registration Service principal activity is generally implementation of policies, laws and other matters relating to registration of companies, partnerships and firms, individuals and corporations carrying on business under a business name, bankruptcy, hire purchase and chattels transfers.

Results

The Financial Statements for Business Registration Service for the year ended June 30, 2020 are set out on page 1-19

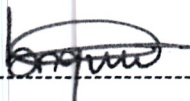
Directors

The Board of Directors who served during the year as shown on page vi-viii. During the financial year 2019/2020, Ms. Njeri Wachira was appointed on 3rd December 2019 and Mr. John Mwendwa was also appointed on 26th March 2020. Mr. Lucas Mwago retired on 25th March 2020.

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



Ms. Barbara Nguyu
Ag. Corporation Secretary
Nairobi.
Date.....9/4/2021.....

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

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 Business Registration Service at the end of the financial year/period and the operating results of the Business Registration Service for that year/period. 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 Business Registration 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, 2020. 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

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

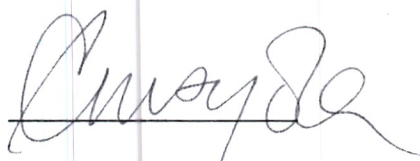
during the financial year ended June 30, 2020, and of the Business Registration Service financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Business Registration Service, which have been relied upon in the preparation of the Business Registration Service financial statements as well as the adequacy of the systems of internal financial control.

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 29th of September 2020 and signed on its behalf by:

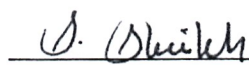
Director's Name



Director's signature

Director's Name


SHELLA SHEIKH



Director's signature

Director's Name

BRIAN G. OMWENGA



Director's signature

BUSINESS REGISTRATION SERVICE

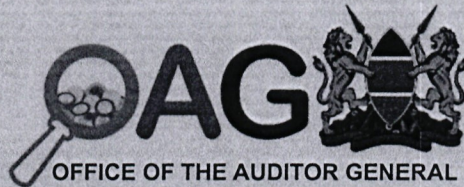
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For the year ended June 30, 2020

REPORT OF THE INDEPENDENT AUDITORS ON BUSINESS REGISTRATION SERVICE

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON BUSINESS REGISTRATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Business Registration Service set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Business Registration Service as at 30 June, 2020, 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 Public Finance Management Act, 2012 and Business Registration Service Act, 2015.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

As reflected in the statement of comparison of budget and actual amounts, the Business Registration Service actual expenditure for the year net of depreciation amounted to Kshs.270,123,992 against budgeted expenditure of Kshs.331,170,000 resulting in an

overall under absorption of Kshs.61,046,008 or 18%. The under-spending affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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

Staff Ethnic Composition

The Service had a total of one hundred and thirty (130) staff assigned to Business Registration Service from the State Law Office. However, as previously reported, a review of the ethnic composition report indicated that out of the one hundred and thirty (130) staff assigned, forty-six (46) were from the same ethnic community representing 35% of the total number of staff assigned. This is contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community.

The Registration Service was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Disaster Recovery and Continuity Plan

As previously reported, Business Registration Service did not have an approved Disaster Recovery Plan and IT Business Continuity Plan. This poses a significant threat to resumption of operations quickly and effectively in case of an emergency or disaster

especially due to the sensitivity of the information on registration of companies under the custody of the institution.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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

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

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

Those charged with governance are responsible for overseeing the Service's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Service's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue to sustain its services.

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

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

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



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

20 May, 2021

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
			Kshs
Revenue from non-exchange transactions			
Transfers from other governments	6	331,170,000	176,424,131
Total revenue		331,170,000	176,424,131
Expenses			
Use of goods and services	7	77,503,034	56,683,557
Employee costs	8	149,441,110	65,281,803
Remuneration of directors	9	3,563,800	2,359,506
Depreciation and Amortization	10	6,664,611	3,641,179
Repairs and maintenance	11	39,216,048	9,054,852
Grants & subsidies	12	400,000	0
Total expenses		276,788,603	137,020,897
Surplus/(Deficit)		54,381,397	39,403,234

The notes set out on pages 6-18 form an integral part of these Financial Statements

BUSINESS REGISTRATION SERVICE



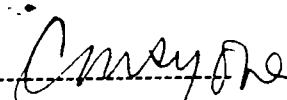
Annual Reports and Financial Statements

For the year ended June 30, 2020

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

Cash and Cash Equivalents	13	52,510,281	25,233,617
Inventories	15	13,051,625	
Total Current Assets		65,561,906	25,233,617
Non-Current Assets			
Property, plant and equipment	16	30,672,318	14,171,204
Total Non –Current Assets		30,672,318	14,171,204
Total Assets		96,234,224	39,404,821
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	17	2,448,006	0
Total liabilities		2,448,006	0
Net Assets		93,786,218	39,404,821
Revenue reserve		39,404,821	1,587
Surplus /(deficit) for the year		54,381,397	39,403,234
Accumulated funds		93,786,218	39,404,821

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Board of Directors by:

		
Director General	Deputy Director Finance &Accounts	Chairperson
Name: KENNETH GATHUMA	Name: ERASTUS MBALU	Name: CAROL MUSYOKA
Date..... 04/04/2021	ICPAK Member NO. 6469	Date..... 12 April 2021
	Date..... 9th April 2021	

BUSINESS REGISTRATION SERVICE**Annual Reports and Financial Statements****For the year ended June 30, 2020****STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020**

	Capital reserve	Retained earnings	Total
	Kshs	Kshs	Kshs
Balance as at July 1, 2018	-	1,587	1,587
Surplus/Deficit for the period	-	39,403,234	39,403,234
Transfer of excess depreciation on revaluation	-	-	-
At June 30, 2019	-	39,404,821	39,404,821
Balance as at July 1, 2019	-	39,404,821	39,404,821
Surplus/Deficit for the period	-	54,381,397	54,381,397
Transfer of excess depreciation on revaluation	-	-	-
At June 30, 2020	-	93,786,218	93,786,218

BUSINESS REGISTRATION SERVICE**Annual Reports and Financial Statements****For the year ended June 30, 2020****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	331,170,000	176,424,131
Total Receipts		331,170,000	176,424,131
Payments			
Compensation of employees	8	149,441,110	65,281,803
Use of Goods and services	7	77,503,034	56,683,557
Remuneration to Directors	9	3,563,800	2,359,506
Repairs and Maintenance	11	39,216,048	9,054,852
Grants and Subsidies	12	400,000	0
Total Payments		270,123,992	133,379,718
		61,046,008	43,044,413
Working Capital Adjustments			
Increase in Inventory	15	(13,051,625)	0
Increase in Payables	17	2,448,006	0
Restated/Prior year Adjustments	19	0	(530,816)
Net cash flows from operating activities	18	50,442,389	42,513,597
Cash flows from investing activities		0	0
Purchase of property, plant, equipment	16	(23,165,725)	(17,281,567)
Net cash flows from investing activities		(23,165,725)	(17,281,567)
Net increase/(decrease) in cash and cash equivalents		27,276,664	25,232,030
Cash and cash equivalents as at 1 st JULY 2019		25,233,617	1,587
Cash and cash equivalents as at 30 JUNE 2020	13	52,510,281	25,233,617

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		VARIANCE	EXPLANATION
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs		
Revenue	301,170,000				301,170,000		301,170,000					
Government grants		30,000,000			301,170,000		331,170,000				0%	
Total income	301,170,000		30,000,000		331,170,000		331,170,000					
Expenses												
Compensation of employees	164,370,675		30,000,000		194,370,675		149,441,110		44,929,565		23.11%	<ul style="list-style-type: none"> Many programmes which involved travelling did not take place because of the Covid-19 pandemic Positions to be recruited during the Financial year remained unfilled till 4th Quarter
Goods and services	93,854,325		0		93,854,325		77,503,034		16,351,291		17.4%	Many conferences, delegations and trainings did not take place due to Covid 19 pandemic
Board Expenses	4,970,000		0		4,970,000		3,563,800		1,406,200		28.3%	The board trainings which were anticipated to take place towards the closure of the year did not take place due to

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									restrictions of movements and gatherings
Repair and Maintenance payments	37,975,000	0	37,975,000	39,216,048	(1,241,048)	3.3%			There was increased Office refurbishment to create more office space for the newly recruited BRS senior staff members
Grants &Subsidies paid	0	0	0	400,000	(400,000)	100%			The increase of the actual compared to the budgeted was as a result of Kshs.400, 000 used to plant trees as per the presidential directive
Total expenditure	301,170,000	30,000,000	331,170,000	270,123,992	61,046,008				
Surplus for the period	0	0	0	61,046,008					

Reconciliation of Budget Comparison and Actual Amounts

Details	Amount (ksh)
Surplus as per the Budget Comparison	61,046,008
Depreciation for the year	6,664,611
Surplus as per the financial performance	54,381,397

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For the year ended June 30, 2020

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 generally implementation of policies ,laws and other matters relating to registration of companies, partnerships and firms, individuals and corporations carrying on business under a business name, bankruptcy, hire purchase and chattels transfers.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Business Registration Service financial statements have been prepared on a historical cost basis. 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.

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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
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For the year ended June 30, 2020

IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>The standard does not have any impact to Business Registration Service.</i>
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BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none">a. The nature of such social benefits provided by the entity;b. The key features of the operation of those social benefit schemes; andc. The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

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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 the entity 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 entity.

- b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly and there were Subsequent revisions and additional appropriations made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Business Registration Service upon receiving the respective approvals in order to conclude the final budget. Accordingly, Business Registration Service did

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record additional appropriations of Kshs.30, 000,000 on the 2019-2020 budget following the governing bodies approvals.

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.

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 5 these financial statements.

c) Property, plant and equipment

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 entity 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. Low value fixed assets are fully depreciated at the year of purchase since it is difficult to calculate depreciation and determine their life span.

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d) 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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Entity.

e) Related parties

The Entity 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 directors, the CEO and senior managers.

f) 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.

g) Comparative figures

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

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For the year ended June 30, 2020

(h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Business Registration Service financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, Business Registration Service future is certain.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the

Provisions

Business Registration Services management did not raise any provision of any uncertainty since all its activities are known with certainty except the occurrence of fires of which the management has advised for purchase of fire extinguishers and sprinklers.

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

State Law Office and Department of Justice	331,170,000	-	331,170,000	331,170,000	176,424,131
Total	331,170,000	-	331,170,000	331,170,000	176,424,131

Business Registration Service receives one-line budget which it caters for recurrent expenditure. Kshs. 331,170,000 was composed of an allocation of Kshs. 301,170,000 in the FY 2019/2020 and an additional allocation under supplementary budget of Kshs.30,000,000

7. USE OF GOODS AND SERVICES

Water	674,515	331,485
Subscriptions	56,000	59,456
Advertising	1,689,113	0
Conferences and delegations	17,610,000	17,499,387
Hospitality	2,135,618	2,230,340
Admin costs	0	3,214,931
Fuel and oil	1,612,765	1,210,350
Postage	262,315	260,770
Consultancy fees	7,109,443	0
Printing and stationery	22,374,713	19,932,404
Telecommunication	8,593,998	3,644,398
Training	4,364,920	4,462,604
Trade Shows	1,747,900	3,276,979
Newspapers and periodicals	107,720	59,950
Internet Connections	1,661,836	106,975
Bank charges	521,708	101,160
Temporary Committees	721,600	0
Other office expenses	0	292,368
Fumigation	6,258,870	0
Total general expenses	77,503,034	56,683,557

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For the year ended June 30, 2020

- *Water supply amounting to Kshs. 674,515 in the financial year 2019/2020 increased by Kshs.343,030 resulting to a 51% increase compared to FY 2018/2019 due to constant sustained water supply throughout the year.*
- *Advertising amounting to Kshs. 1,689,113 in the financial year 2019/2020 was due to the adverts undertaken by BRS during the Recruitment exercise and tender adverts which was not the case in the financial year 2018/2019.*
- *An amount of Kshs.17,610,000 was spent in the FY 2019/2020 on Conference and delegations compared to Kshs.17,499,387 in FY 2018/2019. Despite the COVID-19 Pandemic which restricted travels and gatherings in the 3rd quarter of the FY, BRS had managed to review several laws, implemented and trained staff on the One Step One Day Registration Process.*
- *Admin costs amounting to Kshs.3,214,931 was spent in the FY 2018/2019 to pay for cleaning services and purchase of flowers on behalf of State Law Office who are hosting the Business Registration Service.*
- *Consultancy fees of Kshs.7,109,443 relates to the fees paid to Human Resource Consultant who was involved in the recruitment exercise of BRS senior staff members which was not the case in the FY 2018/2019.*
- *In the year 2019/2020, BRS spent Kshs.22, 374,713 for the purchase of printing and stationeries materials compared to the FY 2018/2019 which was Kshs.19,932,404. The increase was due to increased operation as Business Registration Service completes the delinking process from the Office of Attorney General.*
- *The increase in telecommunication services increased in the FY 2019/2020 due to increased usage of airtime and data bundles for officers working at home during COVID-19 Pandemic as well as increased number of recruited staff who qualify for airtime allowance.*
- *Trade shows reduced in the FY 2019/2020 compared to FY 2018/2019 due to budget cuts for the activity.*
- *Internet Connections amounting to Kshs. 1,661,836 in FY 2019/2020 increased due to payment for internet which is a new cost as BRS delinks with Office of Attorney General.*
- *Bank Charges increased in the year 2019/2020 because of increased charges on BRS staff salaries. This is as a consequence of the delinking of BRs Human resourced management process.*
- *Temporary Management Committees spent an amount of Kshs.721,600 to pay for the Management Committees operationalized as BRS delinked from the Office of Attorney General.*
- *Fumigation Services in the FY 2019/2020 was occasioned by COVID 19 pandemic which forced BRS to carry out weekly fumigation services in Sheria House and AG Chambers as a mitigation measure to card the spread of the disease.*

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For the year ended June 30, 2020

8. EMPLOYEE COSTS

Salaries and wages	68,371,878	7,605,913
Travel, motor car, accommodation, subsistence and other allowances	32,039,900	40,298,140
Housing benefits and allowances	44,389,790	0
Gratuity	2,381,654	0
Overtime payments	2,257,888	15,876,411
Acting Allowances	0	1,501,339
Employee costs	149,441,110	65,281,803

Employee cost in the year 2019/2020 rose to Kshs. 149,441,110 because BRS in the year started managing its payroll which was earlier being managed by State Law Office.

9. REMUNERATION OF DIRECTORS

Chairperson's Honoraria	960,000	645,506
Directors emoluments	2,140,000	1,414,000
Other allowances	463,800	300,000
Total director emoluments	3,563,800	2,359,506

Directors remuneration increased in the year 2019/2020 due to the many sittings by the board of directors during the recruitment exercise of the BRS Senior Management.

10. DEPRECIATION AND AMORTIZATION EXPENSE

Property, plant and equipment	6,664,611	3,641,179
Total depreciation and amortization	6,664,611	3,641,179

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For the year ended June 30, 2020

11. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	Kshs	Kshs
Furniture and fittings	694,750	209,879
Computers and accessories	384,700	158,500
Refurbishment of building	36,563,648	7,634,973
Equipment & Machinery	1,258,950	0
Vehicles	314,000	1,051,500
Total repairs and maintenance	39,216,048	9,054,852

- *Repairs and Maintenance increased in the year due to more repairs on furniture and fittings, computers and accessories, equipment and machinery as well as creating of more office space for the new BRS recruited senior management staffs.*
- *During the year, BRS refurbished 2 boardrooms and repaired Company Registry leaking roofs.*

12. GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Community development	400,000	0
Total grants and subsidies	400,000	0

The increase was as a result of Kshs.400,000 used to plant trees as per the presidential directive.

13. CASH AND CASH EQUIVALENT

Description	2019-2020	2018-2019
	Kshs	Kshs
Bank	52,510,281	25,233,617
Total cash and cash equivalents	52,510,281	25,233,617

14. DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENT

Name of the Bank	Bank Account number	2019-2020	2018-2019
		Kshs	Kshs
Kenya Commercial bank	1184110735	52,510,281	25,233,617
Grand total		52,510,281	25,233,617

BUSINESS REGISTRATION SERVICE**Annual Reports and Financial Statements****For the year ended June 30, 2020****15. INVENTORIES**

Consumable stores	13,051,625	0
Total inventories at the lower of cost and net realizable value		

16. PROPERTY, PLANT AND EQUIPMENT

At 1 July 2018	530,816	-	0	530,816
Additions	5,751,487	6,801,108	4,728,972	17,281,567
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30th June 2019	6,282,303	6,801,108	4,728,972	17,812,383
Additions	13,499,025	5,067,000	4,599,700	23,165,725
Transfers/adjustments	-	-	-	-
At 30th June 2020	19,781,328	11,868,108	9,328,672	40,978,108
Depreciation and impairment				
At 1 July 2018	(66,352)	0	0	(66,352)
Depreciation	(718,936)	(2,264,769)	(591,122)	(3,574,827)
Impairment	-	-	-	-
At 30th June 2019	785,288	2,264,769	591,122	3,641,179
Depreciation	2,374,505	3,197,912	1,092,194	6,664,611
Transfer/adjustment	-	-	-	-
At 30th June 2020	3,159,793	5,462,681	1,683,316	10,305,790
Net book values				
At 30th June 2020	16,621,535	6,405,427	7,645,356	30,672,318
At 30th June 2019	5,497,015	4,536,339	4,137,850	14,171,204

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17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Gratuity payable	2,448,006	0
Total trade and other payables	2,448,006	0

18. CASH GENERATED FROM OPERATIONS

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Surplus for the year before tax		54,381,397	39,403,234
Add Back Adjusted for:			
Depreciation for the year	10	6,664,611	3,641,179
Prior year depreciation/Adjustments	19	0	(530,816)
Working Capital Adjustments			
Increase in Inventory	15	(13,051,625)	0
Increase in payables	17	2,448,006	
Net cash flow from operating activities		50,442,389	42,513,597

19. PRIOR YEAR ADJUSTMENT

In the financial year 2017/2018, assets worthy 530,816 were procured. In the financial year 2018/2019 a revenue adjustment was done of Kshs. 466,051 but a correspondence depreciation and amortization of Kshs. 66,352 was not adjusted during computation of cash generated from operations during that period. The figure of Kshs.66, 352 has now been incorporated in the financial statement and included in the depreciation of the financial year 2019/2020.

20. FINANCIAL RISK MANAGEMENT

Business Registration Service activities expose it to a variety of financial risks, including credit risk, and liquidity risk. The Service overall risk management programme focuses on the unpredictability of the economy and seeks to minimise potential adverse effects on its financial performance.

Business Registration Service regularly reviews its risk management policies and systems to reflect changes and emerging best practices. Risk management is carried out by the management under the supervision of the Board of Directors.

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

a) Credit risk management

Business Registration Service has no exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due.

Credit risk arises from bank balances, and amounts due from related parties.

The table below represents Business Registration Service maximum exposure to credit risk as at 30th June 2020

At 30 June 2020				
Bank balances	52,510,281	52,510,281	-	-
Total	52,510,281	52,510,281	-	-

b) Liquidity risk management

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.

21. RELATED PARTY BALANCES

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.

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	331,170,000	176,424,131
Total	331,170,000	176,424,131
b) Key management compensation		
Directors' emoluments	3,563,800	2,359,506
Compensation to the CEO	4,496,826	378,464
Compensation to key management	14,558,760	1,122,875
Total	22,619,386	3,860,845

22. CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Development and commissioning of an Enterprise Resource Planning System	8,935,852	0
Development of Strategic Plan	2,100,000	0
Authorised and contracted for Alternative Cloud hosting	7,340,000	0
Total	18,375,852	0

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

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.

25. CURRENCY

BUSINESS REGISTRATION SERVICE

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For the year ended June 30, 2020

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

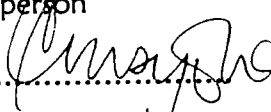
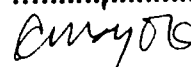
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Statement of Cash flow	The statement of Cash flow reflects a cash outflow under other payments of Kshs. 68,237,790 which differs with other payments totalling to Kshs.67,706,974 as disclosed in the notes to the financial statement resulting into unreconciled or explained difference of Kshs.530,816.	A figure of Kshs.530, 816 relates to purchases of property plant and equipment for the financial year ended 30 th June 2019 hence the statement of cash flow for the financial year ended 30 th June 2019 can be confirmed with certainty.	Erastus Mbalu Deputy Director Finance and Accounts	Not resolved	Awaiting to be resolved
------------------------	--	--	--	--------------	-------------------------

Chairperson

Sign:.....

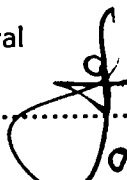
Date:.....


12 April 2021


Director General

Sign:.....

Date:.....


09/04/21

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

APPENDIX II: PROJECTS IMPLEMENTED BY BUSINESS REGISTRATION SERVICE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Consultancy for capacity building and public awareness on Movable Security	FSSP/PIU /OAG&DOJ /35/2018-19	IFC	2019/2020	28,872,400	No	No
Kenya Investment Climate Project 3 (Advisory Agreement)	603298	IFC	2019/2020	113,620,000	No	No

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, I e total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Implementation of Alternative Hosting	7,340,021	7,340,021.	70%	6,800,000	7,340,021	GOK

BUSINESS REGISTRATION SERVICE

Annual Reports and Financial Statements

For the year ended June 30, 2020

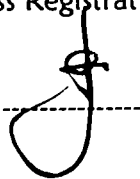
APPENDIX III: INTER-ENTITY TRANSFERS

BUSINESS REGISTRATION SERVICE				
Break down of Transfers from the State Law Office and Department of Justice				
FY 2019/2020				
a.	Recurrent Grants			
	Reference number	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	B033467	28.08.2019	75,292,500	2019/2020
	B043098	12.11.2019	75,292,500	2019/2020
	B043121	04.02.2020	75,292,500	2019/2020
	B043203	02.05.2020	105,292,500	2019/2020
		Total	331,170,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Director General
Business Registration Service

Sign



Head of Accounting Unit
Office of the Attorney General

Sign

