

2023 / 2024 ANNUAL REPORT



MANDATE



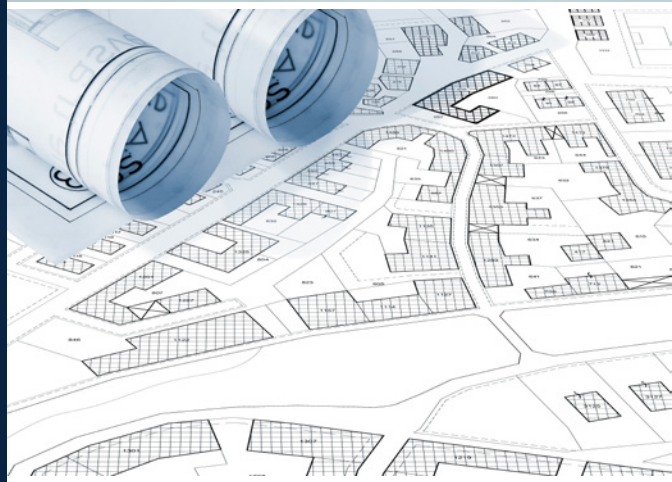
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LIST OF ACRONYMS

| | |
|-------|--|
| BOI | Beneficial Ownership Information |
| BRS | Business Registration Service |
| DG | Director General |
| DOJ | Department of Justice |
| FY | Financial Year |
| GPA | Group Personal Accident |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| ICS | Institute of Certified Secretaries |
| ICT | Information Communication Technology |
| IPSAS | International Public Sector Accounting Standards |
| LSK | Law Society of Kenya |
| MOU | Memorandum of Understanding |
| MPSR | Movable Property Security Rights |
| MTEF | Mid-Term Expenditure Framework |
| OR | Official Receiver |
| OSHA | Occupational Safety and Health Administration |
| PBB | Programme-Based Budgets |
| PFM | Public Finance Management |
| PPAD | Public Procurement & Asset Disposal Act |
| PPR | Program Performance Review |
| PSC | Public Service Commission |
| SAGA | Semi-Autonomous Government Agencies |
| SLO | State Law Office |



Key Entity Information and Management

(a) Background information

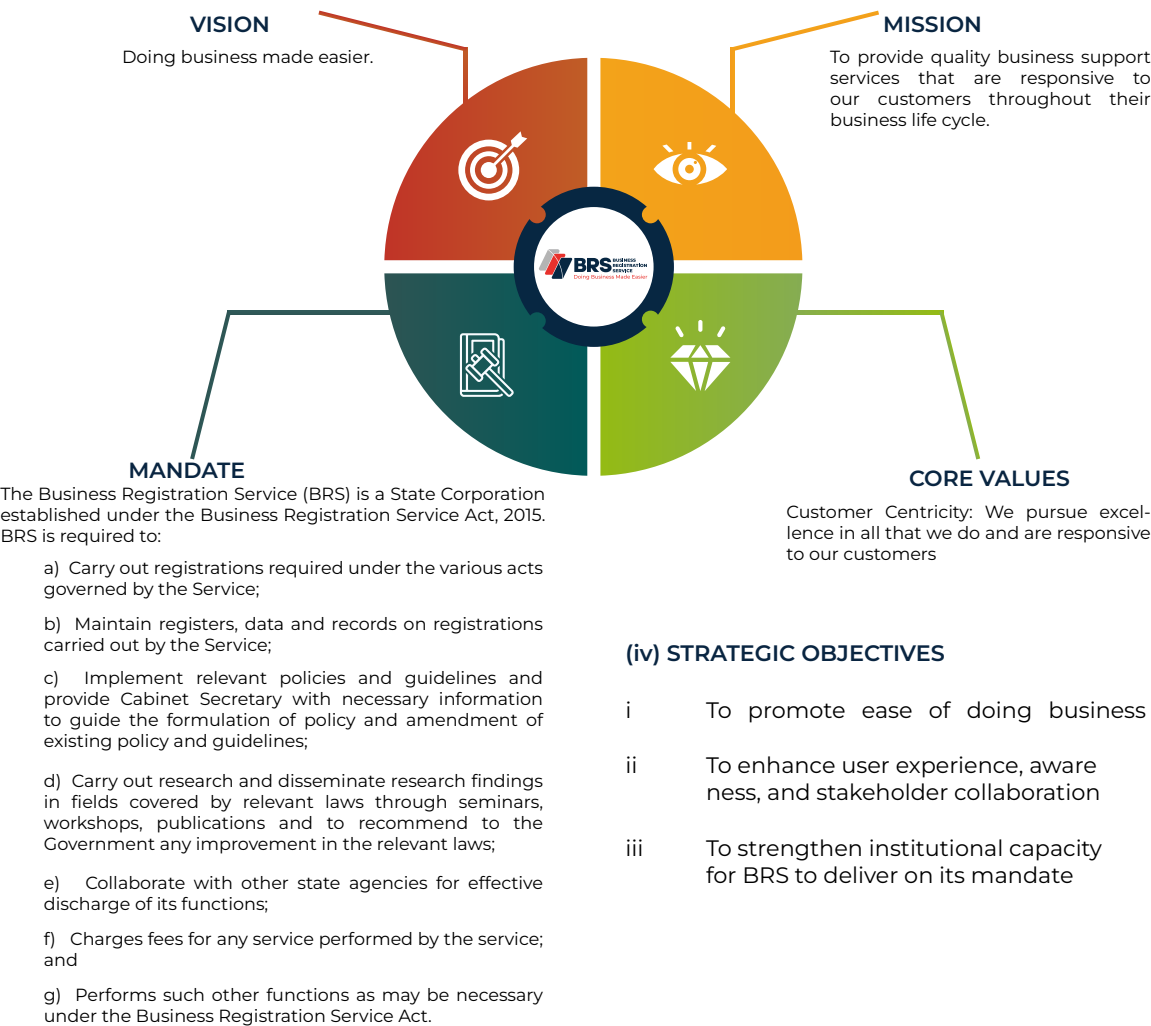
The Business Registration Service (BRS) is a State Corporation under the Office of the Attorney General and Department of Justice was incorporated under the Business Registration Service Act, 2015. The mandate of the Service is to administer laws relating to the incorporation, registration, operation and management of companies, partnerships and firms. The Service is governed by Board of Directors who are responsible for the general policy and strategic direction. BRS is domiciled in 316 Upper Hill Chambers- 17th Floor-Nairobi.

(b) Principal Activities

The Business Registration Service is a State Corporation established to administer policies, laws and other matters relating to the registration of

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

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



**F. Business Registration Service (BRS)
Headquartersters**

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

G. Business Registration Service Contacts

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

H. Business Registration Service Bankers

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

I. Independent Auditors

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

J. Principal Legal Advisers

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



**Justice (Rtd) Erastus Githinji, LL.B.(UON), CBS, EBS
(Chairperson)**

Justice (Rtd) Erastus Githinji CBS EBS has over 40 years of experience in the application and interpretation of the law.

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

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

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

He is a recipient of two National Honors:

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

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



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

Ms. Njeri Wachira, MBS is currently the Deputy Solicitor General and Head, the International Law Division at the Office of the Attorney General and Department of Justice.

She is a seasoned Advocate with extensive experience working in the field of Public International Law. She possesses experience as a Legal Advisor to the Government in negotiating, drafting, vetting and interpreting local and international treaties and agreements. She is responsible for handling all matters on Mutual Legal Assistance pursuant to the Mutual Legal Assistance Act of 2011 which appoints the Attorney-General as the Central Authority. She is also responsible for the coordination of the legal team, both external counsel and in-house counsel that represent the Republic of Kenya in all International Arbitration or Litigation matters. Njeri has been an Alternate Director to the Solicitor-General on various Boards of Directors

including, the Business Registration Service, Capital Markets Authority, Constituencies Development Fund, National Environmental Management Authority, Kenya Ports Authority, Kenya Pipeline Company Ltd, Kenya Railways Corporation, South Nyanza Sugar Company, and the Betting Control and Licensing Board.

BOARD OF DIRECTORS

Njeri has also served as the Head of Legal and Corporate Affairs at Seven Seas Technologies Group which covered the Group Companies in Kenya, Rwanda, Zimbabwe, Nigeria and Portugal. She has also been assigned by the Commonwealth Secretariat to work for a period of two years as a Legal Expert with the East African Community Secretariat in Arusha, Tanzania where she was tasked with implementing the Treaty for the Establishment of the East African Community, by drafting Protocols to the Treaty and various legislation; as well as approximation of Partner States Municipal Laws relating to finance, investment, as well as commercial laws in the EAC context.

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

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



Abubakar Hassan, LLB, CPA, CIFA, CPS, CFE

Principal Secretary State Department for Investment Promotion, Ministry of Investment, Trade and Industry (Member)

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

He is an Advocate of the High Court of Kenya, Certified Public Accountant, Certified Public Secretary, Certified Fraud Examiner, Certified Investment & Financial Analysts and holds a Certification in the Management of Banking Risks.

He is a member of the following professional bodies; Law Society of Kenya (LSK), Institute of Certified Public Secretaries of Kenya (ICPSK), and Institute of Certified, Investment and Financial Analysts (ICIFA). From his

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

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

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



FCS. Catherine Musakali OGW (Member)

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

Catherine OGW is the Founder of Dorion Associates LLP, a firm specializing in governance matters and commercial legal consultancies. Before founding Dorion Associates, Catherine OGW 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 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 OGW was, until May 2014, the Chairperson of the Institute of Certified Public Secretaries of Kenya (ICPSK) and has also served as the Chair of its Education and Professional Development Committee as well as the Legislation and Corporate Governance Committee. She also sat on the Council of the Corporate Secretaries International Association, which is a global body bringing together governance professionals.

She is a founder and Chairperson of the Women on Boards Network and is currently the Company Secretary of several Companies and sits on various Boards including those in the public and private sectors.

She has previously served as a Director at the Nairobi Securities Exchange, Association of Kenya Insurers (AKI), and was at one time the Chairperson of Kenya Seed Company Limited.

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

Catherine OGW has been the Chief Judge, of Corporate Governance, FiRe Awards, and is a trained Corporate Governance Trainer, Governance Auditor, and Board Evaluator and has developed policies on governance for a number of institutions. She also consults for the IFC.

Catherine OGW 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).

Catherine OGW was first appointed to the Board on 2nd October 2017 retired in October 2020 and reappointed for three (3) years commencing 15th December 2020. She chaired the Audit and Governance Committee and retired on 14th December 2023.



Mr. Brian Omwenga (Member)

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

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

He was first appointed as a Business Registration Board member on 3rd May 2019 for 3 years and his term was renewed on 2nd May 2022. He chairs the Technical and Strategy Committee.



Mr. Faraj Mansur (Member)

Mr. Faraj Mansur is a Serial Techpreneur with over 20 years of experience in the East African Tech Ecosystem.

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

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

Since 2005 he has co-founded several award-winning technology companies under Techbiz Group. The firms are in System Integration.

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

Alliance Committee. He was first appointed as Business Registration Board member on 28th October 2021 and chairs the Human Resource and Finance Committee

BOARD OF DIRECTORS



Ms. Josephine Waruguru Macharia-Kanyi

(Alternate to the Cabinet Secretary, National Treasury)

Ms Josephine Waruguru Kanyi is a Senior Deputy Director in the National Treasury Budget Fiscal and Economic Affairs in the Department of Intergovernmental Fiscal Relations.

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

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

She has attended Courses on Fiscal Decentralization and Financial management and Tax Policy Analysis

and Revenue forecasting at Harvard University USA & Macro Economic Diagnostics at the IMF Institute in the USA.

She also serves as a Board Member at:

- » Kenya Hotel Properties Ltd Company;
- » Kaimosi Friends University Council; and
- » National Government Constituencies Development Fund

She has previously served on the:

- » KIPPRRA Board;
- » Kenya Vehicles Manufacturers Board; and
- » LATF Advisory Board.

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



Mr. John Mwendwa, OGW

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

John is the Senior Advisor on Investments in the Ministry of Investments, Trade & Industry. His is the immediate former Secretary/ Head, Department of Business Reforms & Transformation (Ease of Doing Business) in the Ministry of East African Community & Regional Development. He was responsible for the development, implementation and coordination of the Business climate reform agenda across all Government Ministries, Departments and Agencies which saw a remarkable turnaround for the Country in the Global World Bank Ease of Doing Business rankings to 56th globally in 2019 up from 136th in 2014 and amongst the top most improved countries globally and on the African continent between 2013 and 2020.

He led the change and transformation strategy for Kenya in the public-private sector interface to spur private sector growth and competitiveness through automation and digitization of critical public service delivery areas such as Company Registration, Movable property rights, E-filing processes for commercial courts, Imports and

BOARD OF DIRECTORS

Export process automation, Tax reforms, construction permits, Lands records management amongst others. On the legal and regulatory environment front he led the Kenya team which pioneered the development of over 50 legal and regulatory instruments such as the Business Laws Amendment Acts that annually implement legal and regulatory reforms to support Business Competitiveness for Kenya. He served as the Director of Portfolio Management in the Ministry of Industry, Trade and Cooperatives from 2015 to July 2018 and in the Ministry of Agriculture, Livestock and Fisheries in 2015. His earlier career in Banking saw him serve in various parts of the Barclays Group (now Absa) 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) and a Member of the Kenya Institute of Management (KIM).

He has held Board directorships at the at the Industrial Development Bank Capital from 2014 to 2018 and at the Business Registration Service from 2016 to 2018, and was re-appointed as a Board Member on 25th March 2020.



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

Winnie Nyambok is an accomplished Economist with 14 years' extensive experience within the public sector. Presently, she is actively involved in the dynamic landscape of business climate reforms at the State Department for Investment Promotion under Ministry of Investments, Trade and Industry. In her previous roles, Ms. Nyambok was an Assistant Director at the Ministry of East African Community & Regional Development where she played a pivotal role in shaping several business reforms. Additionally, she served as a Senior Economist at the National Treasury providing valuable technical advisory on Financial and Sectoral affairs. Ms. Nyambok is pursuing her PhD in Economics at the University of Nairobi and holds a Master of Arts (Economics) and

Bachelor of Arts in Economics; both from the University of Nairobi. She is passionate about economic modeling and analysis and is a member of the Economists Society of Kenya (ESK).



Mr. Alex Muchira, Member

Alex is a Partner in the Corporate & Commercial Department at CMS Daly Inamdar Advocates. He also heads the Company's Secretarial & Immigration Departments. He is qualified as a Kenyan Advocate and is a practicing Certified Public Secretary.

Alex's experience spans over 10 years. He provides clients with specialist advice on matters relating to Corporate Law, Corporate Governance, Company Secretarial, Regulatory & Compliance and Immigration Law. He has substantial experience in Commercial, Corporate M&A, and Foreign Direct Investments. Alex has been involved in various local and international transactions in information communications & technology, insurance, consumer products, development funds, and microfinance sectors.

He also represents the secretarial division as a Certified Public Secretary for various prominent national and multinational companies. Memberships & Roles · Law Society of Kenya · Institute of Certified Public Secretaries (Kenya) · Institute of Directors (Kenya) Education 2009 – Institute of Certified Public Secretaries of Kenya 2010 – Kenya Institute of Management, DBA 2011 – University of Nairobi, LLB (Hons) 2012 – Kenya School of Law, Advocates Training Programme 2018 – United States International University (Africa), MBA and was appointed as a Board Member on 17th May 2024



Ms. Emily Mworira, Member

Emily Mworira is a strategic communications specialist with a wide experience in both private and public sectors having worked as a communications consultant, as well as an employee in senior positions for more than 15 years. Emily possesses both local and international work experience and has a passion for building partnerships and networks for sustainable change. Emily holds a Global Executive Masters in Business Administration (MBA) from the United States International University, Post Graduate Diploma in Mass Communication, and a Bachelor of Arts Degree from the University of Nairobi.

She is a member of the Kenya Association of Professional Fundraisers, Public Relations Society of Kenya, Child Protection Committee, Amref Kenya, Chairperson Transport Committee, Amref Kenya, Secretary, Fair-Acres Neighbourhood Association and the

Chairperson of St. Luke's Methodist Church- Karen from 2017 to 2023. She was appointed as a board member on 28th July 2022.



Mr. Wilfred Nyamu Mati, Member

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

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

He has served on various boards including the TIVET where he became the pioneer chairperson of the board of management at Tseikuru Technical Training Institute, in Kitui county for two three-year terms between 2016 to 2022.

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

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

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

In the year 2013, Wilfred Nyamu Mati was appointed member of the committee on the development of the rules of procedure for the Standards Tribunal representing the Law Society of Kenya, and in 2015, he served in the Committee on the drafting of Broadcasting Regulations meant to guide broadcasting carriers. Wilfred Nyamu Mati Advocate is one of the pioneer lawyers engaged in negotiations of Public Private Initiated Projects in Kenya following the enactment of the Public Private Initiative Partnership, Act 2021, with focus on the High Grand Falls Multipurpose Dam, the 3rd largest Dam in Africa to be constructed on the Mutonga and Tana Rivers, envisioned to serve Kitui, Thara Nithi, Garissa and Tana River Counties.

In the year 2004, Wilfred Nyamu Mati Advocate co-authored a publication entitled "The Monster called Corruption", which has been widely used by Civil Society Organizations' resource book in Trainings Of Trainers (TOT) on advocacy on the fight against corruption in Kenya. He was appointed as a Board Member on 17th May 2024.

BOARD OF DIRECTORS



Mr. Kenneth Gathuma, HSC

Director General

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

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

He holds a Bachelor of Laws Degree from the University of Nairobi and a postgraduate diploma from Kenya School of Law.



Ms. Debra Ajwang

Corporation secretary

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

As a Company Secretary and accredited Governance Auditor, she has developed expertise in Board advisory, Board evaluations, Board Induction, Governance Audits and training and general Board Management. She is also a part-time lecturer teaching Advanced

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

KEY MANAGEMENT TEAM



KEY MANAGEMENT TEAM



Mr. Kenneth Gathuma, HSC

Director General

Mr. Kenneth Gathuma is an Advocate of the High Court of Kenya who has legal advisory skills developed through providing legal advice to government ministries and state-owned corporations for 16 years.

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

He holds a Bachelor of Laws Degree from the University of Nairobi and a postgraduate diploma from Kenya School of Law.



Mr. Mark Gakuru, HSC

Official Receiver

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

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



Ms. Joyce Koech

Registrar of Companies

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

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

KEY MANAGEMENT TEAM



Mr. Jones Otuke

Director Corporate Services

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

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



Ms. Doris Wambugu

Director Legal Research & Compliance

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

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



Mr. Erastus Mbalu

Deputy Director Finance & Accounts

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

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

KEY MANAGEMENT TEAM



Dr. Yusuf Saleh

Deputy Director HR & Administration

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

He is an innovative HR leader and organizational culture and branding specialist with over 10 years working experience and has held senior executive roles. Adept at designing and implementing strategies that promote social equity, inclusivity, and sustainable growth within organizations and communities. Strong background in stakeholder engagement, project management, and impact assessment, with a proven track record of fostering partnerships that address environmental and social challenges. He is a full member of the Institute of Human Resources Management (IHRM) Kenya and serves as a member of the continuing professional development (CPD) and membership Committee of IHRM. Previously, he has served as a member of the Associ

ation of Commonwealth Universities (ACU) HR in HE Steering committee and the first Regional liaison officer for Eastern Africa. Dr. Shapayah holds a Doctoral degree in strategic management, master's degree in business Administration and a bachelor of science in International Business Administration.



Ms. Shighadi Mwakio, HSC

Deputy Registrar, MPSR

Ms. Shighadi Mwakio is a Deputy Registrar, Movable Property Security Rights at the Business Registration Service. She is an Advocate of the High Court of Kenya with over 5 years of experience in Commercial Law and Legislative Drafting.

She has been instrumental in the various legislative reforms under the Business Registration Service that led to the improvement of Kenya's standing in the World Bank Doing Business Ranking in Protecting Minority Investors Indicator, Getting Credit Indicator and Resolving Insolvency Indicator.

She was involved in the development of the Movable Property Security Rights Regulations, 2017, the Companies (Beneficial Ownership Information) Regulations, 2020 and the draft Partnership (Limited Partnerships) Regulations, 2020. She has been instrumental in the Secured Transaction Legislative Reform process in Kenya from 2017.

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

KEY MANAGEMENT TEAM



Ms. Debra Ajwang
Corporation Secretary

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

As a Company Secretary and accredited Governance Auditor, she has developed expertise in Board advisory, Board evaluations, Board Induction, Governance Audits and training and general Board Management. She is also a part time lecturer teaching Advanced Company Secretarial &

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

18

Insolvency Matters
Closed in FY 2023/24



75

Companies facing financial
distress as per the Official
Receiver's Records by
June 2024



136,209

Number of business
entities registered by
June 2024



1,817

Number of applications
received for business
strike-off by June 2024



12.3

Average Number of days
taken to Register Business
(July-June)



Registration
Efficiency
for the FY
2023/24



6.2%

Decrease in the annual
number of business
entities registered



Ksh 1.18
Billion

Revenue collected by
June 2024



Ksh 22.95
Trillion

Value of assets used to
advance credit through
MPSR by June 2024



25,416

Movable Property Security
Rights Searches done by
June 2024

133,476

Movable Property Security
Rights notices registered
by June 2024

5.25%

Proportion of Searches to
Notices (Degree of MPSR
lending influenced by
Searches)



2.9268

(Rated very good) PC
Score for the FY 2023/24

15.98%

Percentage of Strategy
implemented in the FY
2023/24

48.3%

Percentage of strategy
implemented to date

78.02%

Level of answer rate of
Inbound Calls

74.3%

Level of customer
Satisfaction



52.8%

Awareness Index of BRS
Mandate



Employee satisfaction
index in FY 2023/24

66.7%

Employee satisfaction
with the work
environment

46.58%

Percentage of Business
entities linked by June
2024

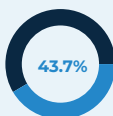


48.58%

Percentage of Private
companies who were
BO compliant by June
2024

70%

ICT User satisfaction
index (%)



Percentage of tenders
awarded to AGPO

EXECUTIVE SUMMARY

Business Registration Service (BRS) continues to be a key player in the country as a major business enabler. In line with the BRS Act 2015, the Service continues to execute its mandate of registration of businesses, facilitating credit access through Movable Property Security Rights systems, helping firms and businesses in financial distress to liquidate with minimal and realize the highest recovery rates.

The implementation of the mandate of the Service is entrenched in the Strategic Plan which has been cascaded into departmental strategies for ease of execution. The Service aims at making the business environment friendly for both local and foreign investors. During the FY 2023/24, the Service registered a total of 136,209 business entities thereby enabling new investors to have vehicles to operate their businesses. This was however a decline of 6.2% compared to FY 2022/23 where the Service registered a total of 145,284 business entities. During the period under review, a total number of 150,728 applications for registration of business entities were received and the Service was able to register a total of 136,209 entities indicating an efficiency level of 90.37% indicating an improvement of 3.14% from the previous years' level of 87.23%. A total of 1,817 applications for dissolution of business entities were done in FY 2023/24.

To promote transparency and accountability in the business environment, a total of 63,149 private companies declared their Beneficial Ownership (BO) status. This increased the proportion of private companies with declared BO status from 43.5% at the start of the year to 48.58% by end of the financial year. The Service also actively participated in conducting the first risk assessment for legal persons and legal arrangements to establish the exposure and possible extent of misuse of these structures for money laundering and terrorism financing in Kenya.

In terms of data and records, the level of verification exercise increased from 42.97% to 46.58% representing an increase of 3.61%. The process of developing a master list was at 94% for the files under (a) PVT & citizen data, (b) BPMS data set and (c) Permit Flow data set systems.

On access to credit, the Service through the movable property security right registry enabled a total of 133,476 MPSR notices to be registered on the s-collateral system. Similarly, a total of 25,416 searches were done by investors during the year implying an increase in the use of the MPSR system as a single source of truth on the assets used to secure credit.

The Service continues to provide insolvency proceedings to help merchants and businesses which are financial distress. During the year under review, the Service received 75 applications for insolvency proceedings (40 with petitions for liquidations, 33 administrations and 2 under receivership) which relate to unmet financial obligations indicating financial distress. A total of 18 insolvency matters were closed.

To enhance the business environment, a number of legal reforms were undertaken during the year the enactment of Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act 2023, Companies (Beneficial Ownership Information) (Amendment) Regulations, Limited Liability Partnership (Beneficial Ownership) Regulations 2023. A total of 36 cases were closed in favour of BRS which avoided financial liability to the Service and the government. The Service actively continued to monitor the 5 key risks such as legal risk, ICT system risk, strategy implementation risk, and data risk.

To enhance service delivery, the Service commenced implementation of the Interactive Voice Response (IVR). To enhance the service delivery at the banking hall, the Service operationalized a queue management system to help the Service efficiently manage queues, aid in data collection that is well safeguarded, and assist in improving service delivery to the clients. The Service recorded an answer rate of 78.02% at the call centre. A total of 75.4% of the total complaints documented were resolved during the year and a customer satisfaction level of 74.16% was recorded. The brand awareness level recorded during the year was 52.8%.

To enhance BRS image and awareness among the public, the Service conducted a 2-week rapid action campaign to create brand visibility for the organization, provide instant services on the ground, and address concerns and queries of the general public concerning BRS services. BRS roadshow caravan traversed the Counties of Nairobi, Kiambu, Machakos, Kajiado, Nyeri, Kisumu, Vihiga, Kakamega, Uasin Gishu, Kilifi, and Mombasa during the exercise. Several stakeholder engagements and brand awareness initiatives were undertaken such as participation in Inua Biashara MSME Exhibition, Participation in the Nairobi International Trade Fair (NITF), participation in the Asset Recovery Inter-Agency Network for Eastern Africa, Open Ownership BOI Workshop, training of Huduma call center & cybercafé staff, training of Leasing Association of Kenya on collateral registry, participation in Insolvency

EXECUTIVE SUMMARY

Association of International Regulators (IAIR) Annual Conference & AGM and training of the Judges of the Court of Appeal among other initiatives.

To strengthen the institutional strength, the Service recruited a total of 13 staff members and provided capacity-building opportunities for 31 staff members. A total of 43 opportunities were provided for the youth through attachment and internship programs. During the same period, the Service launched its enhanced registration system (BRS v2) on a phased go-live and parallel implementation strategy (BRS v1) to eliminate service interruptions and launched its bulk search API wallet for financial institutions and KYCs to facilitate how to conduct bulk searches.

During the year, the Service recorded a stellar record on revenue collection of Kshs 1.18 billion through the chargeable fees of the services it renders to the customers. A total of 82 tenders were awarded. A total of Kshs 36.7 million was awarded to

AGPO group and a total of Kshs 83.9 million to local goods and services. The assets of the Service were valued at Kshs 69.97 million at the close of the year.

The Service continues to face challenges that come between its success such as inadequate budgetary resources to finance its activities, inadequate ICT infrastructure, weak and inconsistencies in the legal framework, sub-optimal staffing levels, low visibility, and low level of compliance with statutory obligations.

Going forward, the Service will continue to enhance its Service to the citizens through a blend of technology and improved in service delivery. The Service intends to undertake measures aimed at improving the legal framework in place to support the business environment, automation of the remaining manual processes, decentralizing service points, simplifying compliance processes, and promoting awareness of the public on Business Registration Service.

CHAIRPERSON'S STATEMENT

I am pleased to present the Business Registration Service Annual Report and Financial Statement for the year ending 30th June 2024. It is with great pleasure to note that the Service recorded great achievements despite the numerous challenges experienced during the year.

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

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The Board note the significant progress made by the Service in its core mandate performance indicators.. The Financial Year under review was marked with financial excellence where the

Service collected the highest annual revenue ever on behalf of the Government amounting to Ksh1.18billion.This displaysthesignificantcontribution of the Service on country's annual revenue efforts.

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

The Board has noted some internal challenges which affect the smooth running of the Service operations such as the sub-optimal workforce, lack of centralized knowledge centre and loss of skilled staff. The Board will continue to provide leadership and support to ensure the Service continues to retain its positive performance trajectory despite the ever-changing dynamics in the operating environment.

Further the Board is aware of the enormous value of collaborations and strategic partnerships to the Service. The Board lauds the Service for the partnerships it has created to date with state actors such as KIPPRA, ICS, LSK, IPS, KRA, NHIF, NSSF, National Treasury, Department of Business Tran

sformation under the ministry of investments, trade and industry, Keninvest and also arms of government such as The National Assembly. These collaborative ventures continue to increase efficiency of delivery of public services in the business environment in Kenya.

The linkages with development partners continue to add significant value to the service performance. The Service recognizes the support from GIZ, the FSD Kenya, KEPSA and IFC among others. The Board will continue to support the Management to sustain the existing partnerships and create more for the benefit of the Service and Kenya at large.

Looking ahead, the Service will capitalize on emerging trends on Ease of doing business and remain focused on leveraging technology and partnerships to enhance our reach and impact. The review of the strategic plan for the medium term period will focus on increasing efficiency of the registration process, launch of a new system for The Company Registry, automation of the Official Receiver processes, review of the e-collateral system, use of IT solutions in the service, formalization of MSMEs, acquisition of optimal staffing levels and strengthening of the institutional infrastructure to adequately deliver quality services to our customers and enhance the business environment in Kenya.

It is worth noting that, none of our achievements would have been possible without the dedication and the efforts of our esteemed BRS staff members, the Management, state and non-state actors as well as our development partners. Their relentless commitment to our vision has been the driving force behind our success. I extend my sincere gratitude to each of them for their efforts and support.

I wish as well to express my appreciation to the Attorney General and the Solicitor General's offices, for the invaluable support they have accorded the Service during the reporting period.

In conclusion, the past year has reaffirmed the resilience and determination of the Service in delivering quality services to our customers. We remain committed to pursuing excellence and making a meaningful difference in the lives of those we serve. Thank you for your continued trust in Business Registration Service.



Ms. Emily Mworia
Chairperson
Human Resource and Finance Committee of the
Board
Business Registration Service

REPORT OF THE DIRECTOR GENERAL

I am pleased to present the Director General's statement for the year ending 30th June 2024. This year has been a testament to the unwavering commitment and dedication of the Business Registration Service fraternity in enhancing our support to businesses in Kenya.

During the FY 2023/24, the Service registered a total of 136,209 business entities. Thereby giving new business, a license to operate and contribute to the economic development of this country through business operations. The numbers registered were as a result of enhancements undertaken in the system and processes as well as close corporation with stakeholders.

During the year under review, the Service collected a total revenue of 1.18 billion. This was a 2.6% increase from 1.15 billion collected in FY 2022/23 brought about by the continuous reforms on revenue collection and adoption of cashless payment system by the Service.

The Official Receiver continued to provide supportive services to businesses and natural persons experiencing financial distress. During the FY 2023/24, a total of 18 insolvency matters were closed and a total of 108 new insolvency proceedings recorded.

In terms of access to credit, a total of 133,475 initial notices and 25,416 MPSR searches were registered. The most preferred type of movable collateral used to secure credit included the household items, motor vehicles and furniture.

The Service Continued to implement its strategic plan. During the year the Service implemented 15.6% of the planned strategic activities for the year against an expected level of 20%. This shortfall attributed to budgetary constraints and constrained human and infrastructural operational capacity. The cumulative level of strategy implemented by June 2024 was 48.3% out of the expected 60%. The Service also implemented

In terms of operational efficiency, the Service continued to display optimal resource utilization having absorbed over 99% of the funds allocated for the year. The Service adopted IVR technology in the Call center to enhance customer interaction and timely feedback to our customers. As a result, the answer rate of inbound calls increased to 78.02% in the year. A queue management system was operationalized to manage clients flow, enhancing clients' experiences, and improve overall operational efficiency.

To promote brand visibility, the Service run a two-week public awareness and sensitization drive, dubbed "business formalization 2-weeks rapid action campaign" where BRS Staff provided instant services on the ground and addressed concerns and queries concerning BRS services. A number of stakeholder

engagements were made during the year to tap the synergies of other actors in improving service delivery.

To promote brand visibility, the Service run a two-week public awareness and sensitization drive, dubbed "business formalization 2-weeks rapid action campaign" where BRS Staff provided instant services on the ground and addressed concerns and queries concerning BRS services. A number of stakeholder engagements were made during the year to tap the synergies of other actors in improving service delivery.

The Service continued to use ICT solutions to improve service to its clients. During the year, During the FY 2023/24, the Service enhanced registration system (BRS v2) on a phased go live and parallel implementation strategy (BRS v1) so as to eliminate service interruptions. The Service developed bulk search API wallet for financial institutions and KYCs to facilitate the to conduct bulk searches. To enhance the capacity of the human force, the Service recruited an additional 13 staff members and took 31 staff members to different capacity building initiatives.

A number of set-backs continues to hinder effective service delivery including budgetary constraints, sub-optimal staffing levels, low level of

awareness among the public, inconsistencies in the legal framework, centralized service points and low level of statutory compliance among others.

Going forward, the Service will continue to deliver customized approach to service delivery and support businesses to operate. The Services wishes to support businesses to register quickly and efficiently, access credit through MPSR and help those in financial distress to resolve insolvency matters more easily and recover the highest returns to investment.

As I conclude, I thank the Board of Directors for their quality oversight, Staff for their hard work, stakeholders for their rightful role and development partners for their unfailing support. More Importantly, I am grateful to the Attorney General and Solicitor General for their guidance and support. I am inspired by the progress we have made together and through our individual contributions and the opportunities that lie ahead. The few challenges we face only strengthen our resolve to create a better business environment and support to businesses operating in Kenya. Together, our synergies lay a strong pillar and big commitment to create a lasting impact on businesses operating in Kenya and the economy at large.

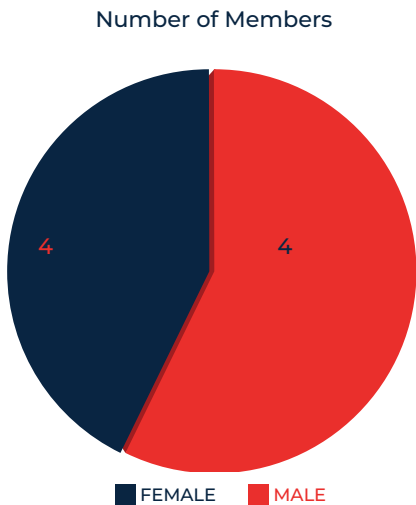


KENNETH GATHUMA HSC
DIRECTOR GENERAL

CORPORATE GOVERNANCE STATEMENT

The Business Registration Service Board is established pursuant to Section 5 of the Business Registration Service Act 2015. The Board comprises the Chairperson, four (4) independent Board members, the Solicitor General, Principal Secretaries to the National Treasury and the Ministry for the time responsible for matters relating to trade. The Director General is an ex-officio member of the Board. The Board brings together members from different professional backgrounds with diverse skills, competencies and complies broadly with the constitutional gender balance requirements as shown below;

Figure 1. Board Gender Representation



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

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

The Board's Key Achievements during the Financial Year 2023/2024 were:

- ◆ Revenue growth from Kshs 1,151,632,724 to Kshs 1,180,175,678 an increase of 2.6%
- ◆ Fully Relocation of the Business Registration Service to the new premises;
- ◆ Approved and continuously monitored the Service's Budget, Work plan and Procurement plan;
- ◆ Implemented the Service's Performance contract with the Office of Attorney General and Department of Justice;
- ◆ Implemented and monitored the Service's Strategic Plan
- ◆ The Board approved various policies including but not limited to the Revised ICT Policy, the Official Receiver Investment Policy, the Revised Communication Policy, the Revised Terms of Reference for the Compliance and Risk Committee, the revised Enterprise Risk Framework among others

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

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

organization's performance. The Board comprises eight members appointed on a term of three (3) years eligible for reappointment for one further term. During the period under revenue, the Board attended two training's on the Information Communication Technology, Collateral Registry and Insolvency.

The Board has four Committees specifically:

- ◆ Audit and Governance Committee;
- ◆ Technical and Strategy Committee;
- ◆ Human Resource and Finance Committee; and
- ◆ Compliance and Risk Committee.

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

During the period under review, the Board with the facilitation of the State Corporation Advisory Committee ('SCAC') conducted an evaluation for the performance of the Board, and its individual Board members including the Director General and the Corporation Secretary. The Board is waiting the evaluation report from SCAC.

CODE OF CONDUCT

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

RISK MANAGEMENT

Risk management is an important corporate governance tool and as such has been integrated into day-to-day operations of the Service. Management has developed a sound Enterprise Risk Management framework to ensure that risk mitigation measures have been put in place to caution BRS from risks that would derail achievement of the Strategic Objectives. In the year under review, the Service continued to implement mitigation strategies to ensure that the risk levels were minimized. At the end of the FY 2023/2024 the Service had 20 risks. The Service reduced its potential financial exposure by KES. 33,787,987 by successfully closing some litigation matters.

The Board received quarterly reports on risk management and mitigation, and it provided guidance to Management. Management has revised the Enterprise Risk Framework to accommodate emerging risks and changes in the risk matrix.

1. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Business Registration Service affairs.

i) Principal activities

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

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

ii) Results

The Financial Statements for Business Registration Service for the year ended June 30, 2024 are set out on page 1-43

iii) Directors

The Board of Directors who served during the year as shown on page x -xxv

iv) Surplus remission


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

In the FY 2023/2024, Business Registration Service did not make any surplus during the year and hence no remittance to the consolidated fund.

v) Auditors

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

Name: Ms. Debra Ajwang

Signature:  -----

Date: 4th December 2024 -----

Corporation Secretary/Secretary to the Board

2. Statement of Directors Responsibilities

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


The Directors are responsible for the preparation and presentation of the Business Registration Service financial statements, which give a true and fair view of the state of affairs of the Business Registration Service for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Business Registration Service (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Business Registration Service financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Business Registration Service financial statements give a true and fair view of the state of Service transactions during the financial year ended June 30, 2024, 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 4th December 2024 and signed on its behalf by:



Ms. Emily Mworira
Chairperson

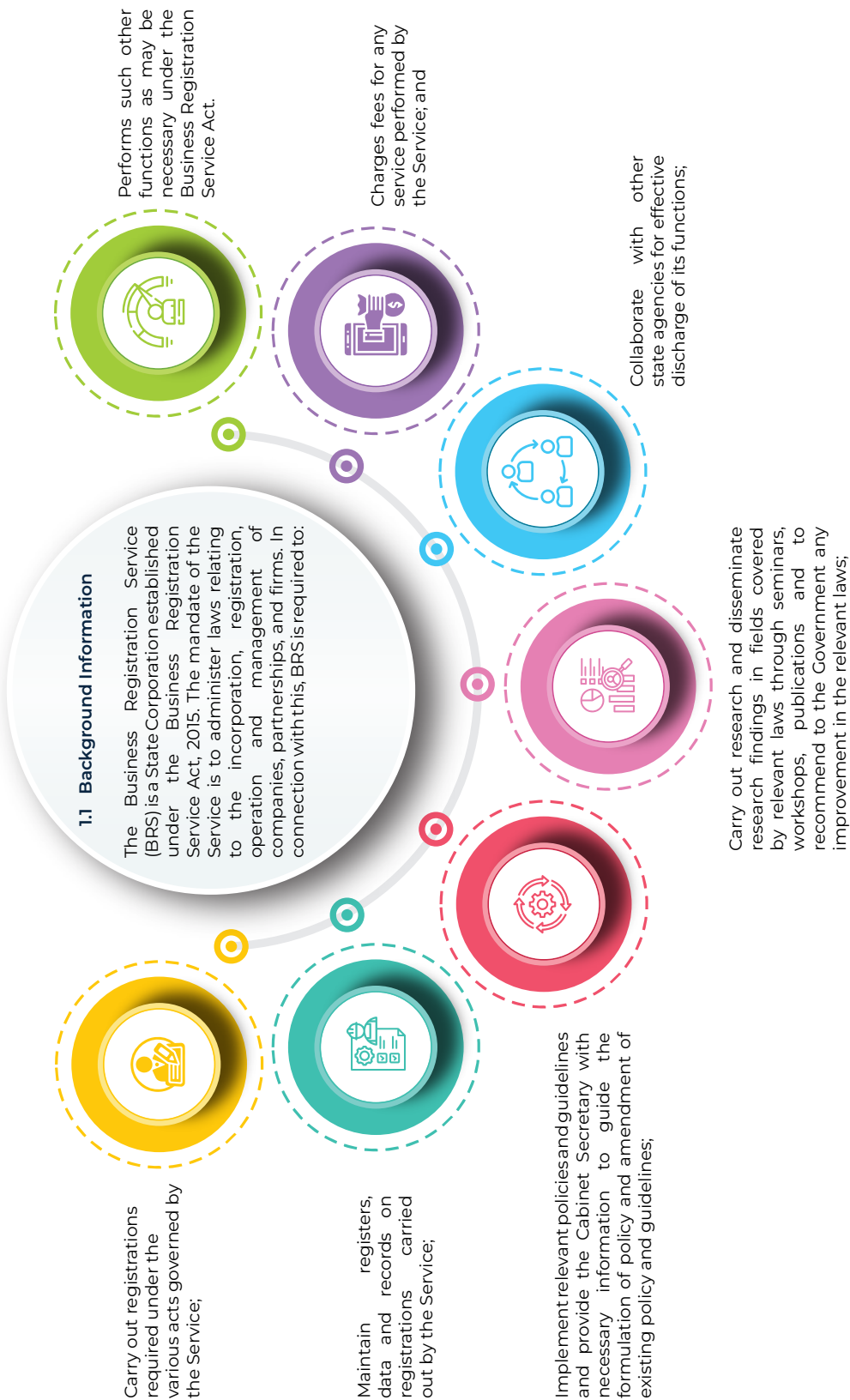
**Human Resource and
Finance Committee
of the Board Business
Registration Service**



Kenneth Gathuma, HSC
Director General

CHAPTER ONE





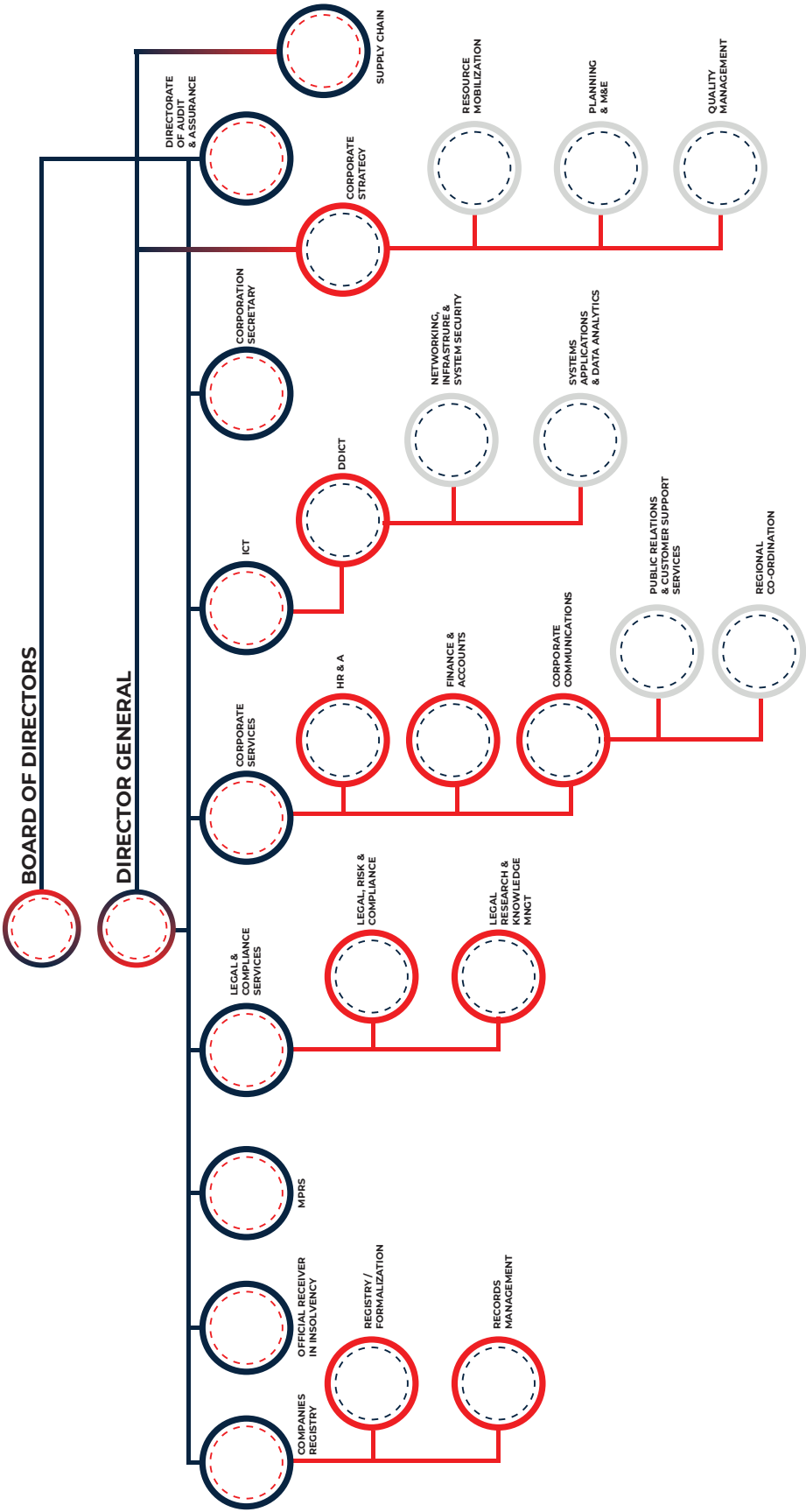
1.2 Rationale of Preparation of the Annual Report

The preparation of this annual report has been guided by Section 28 of the BRS Act 2015 which requires the Board to prepare an annual report for each financial year and submit the annual report to the Cabinet Secretary for onward transmission to the National Assembly three months after the end of the year to which it relates.

The annual report should contain, (a) the financial statements of the Service; (b) a description of the activities of the Service; (c) such other statistical information as the Board may consider appropriate relating to the functions of the Service; (d) the impact of the exercise of the mandate or functions of the Service; (e) the progress and the welfare of the members of staff of the Service, including matters relating to housing, insurance, safety equipment and the conditions of Service; (f) the gender, regional and ethnic diversity in the Service; and (g) any other information relating to the functions of the Service that the Board considers necessary. The Report should be published and publicized as advised by the board.

1.3 Organizational Chart

The topmost decision-making organ is the Board of Directors who make policy and strategic decisions on the operations of the Service. The coordination of the day-to-day operations of the Service activities is done by the Director General assisted by the staff in different departments as shown in the organ chart.



1.4 Fiduciary Oversight Structure

The Service is governed by the Board of Directors which executes the following: formulates and reviews policies of the Service; ensures that the Service performs its functions; monitors and evaluates the performance of the Service; appoints, trains, disciplines, and removes members of staff of the Service; establishes departments within the Service and allocates responsibilities to such departments.

The Board has 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;

1.4.1 The Audit and Governance Committee



The principal responsibilities of the Committee are to oversee, advise, and make appropriate recommendations to the Board on the financial statements, including the effectiveness of the internal control system, review of the terms of reference of the Committee, and the Board charter. The Committee is also responsible for evaluating the effectiveness of the Internal Audit function.

1.4.2 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.

1.5 Institutional Structure

The Service is comprised of the following administrative departments namely: -

- ◆ Executive Office
- ◆ Companies Registry;
- ◆ Official Receiver
- ◆ Movable Properties
- ◆ Securities Rights Registry;
- ◆ Legal, Compliance and Research;
- ◆ Corporate Services;
- ◆ ICT
- ◆ Office of the Corporation Secretary;
- ◆ Supplies Chain Management; and
- ◆ Internal Audit.

1.4.3 The Compliance and Risk Committee



The principal responsibilities of the Committee are to consider, advise and make appropriate recommendations to the Board on all aspects of compliance and risk management. The Committee oversees and makes appropriate recommendations to the Board on the implementation of processes, systems and risk management in the Service.

1.4.4 The Technical and Strategy Committee



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

CHAPTER TWO

PERFORMANCE AND ACHIEVEMENTS



FY 2023/24 PERFORMANCE AND ACHIEVEMENTS

2.1 Introduction

During the financial year 2023/24, the Service recorded some notable progress and achievements during the year under review. The Performance and achievements of the Service presented in this section is in line with the strategic plan of the Service which has three main strategic focus areas namely, Ease of doing business, Service delivery and corporate visibility and Institutional capacity building.

2.2 Strategic Focus Area 1: Ease of Doing Business

2.2.1 Business Registration and Support Services

2.2.1.1 Number of Businesses Registered

During the FY 2023/24, the Service registered a total of 136,209 business entities which comprised 75,978 Business Names, 58,676 Private Companies, 67 Public Companies, 192 Foreign Companies, 674 CLGs 606 LLPs and 16 LPs.

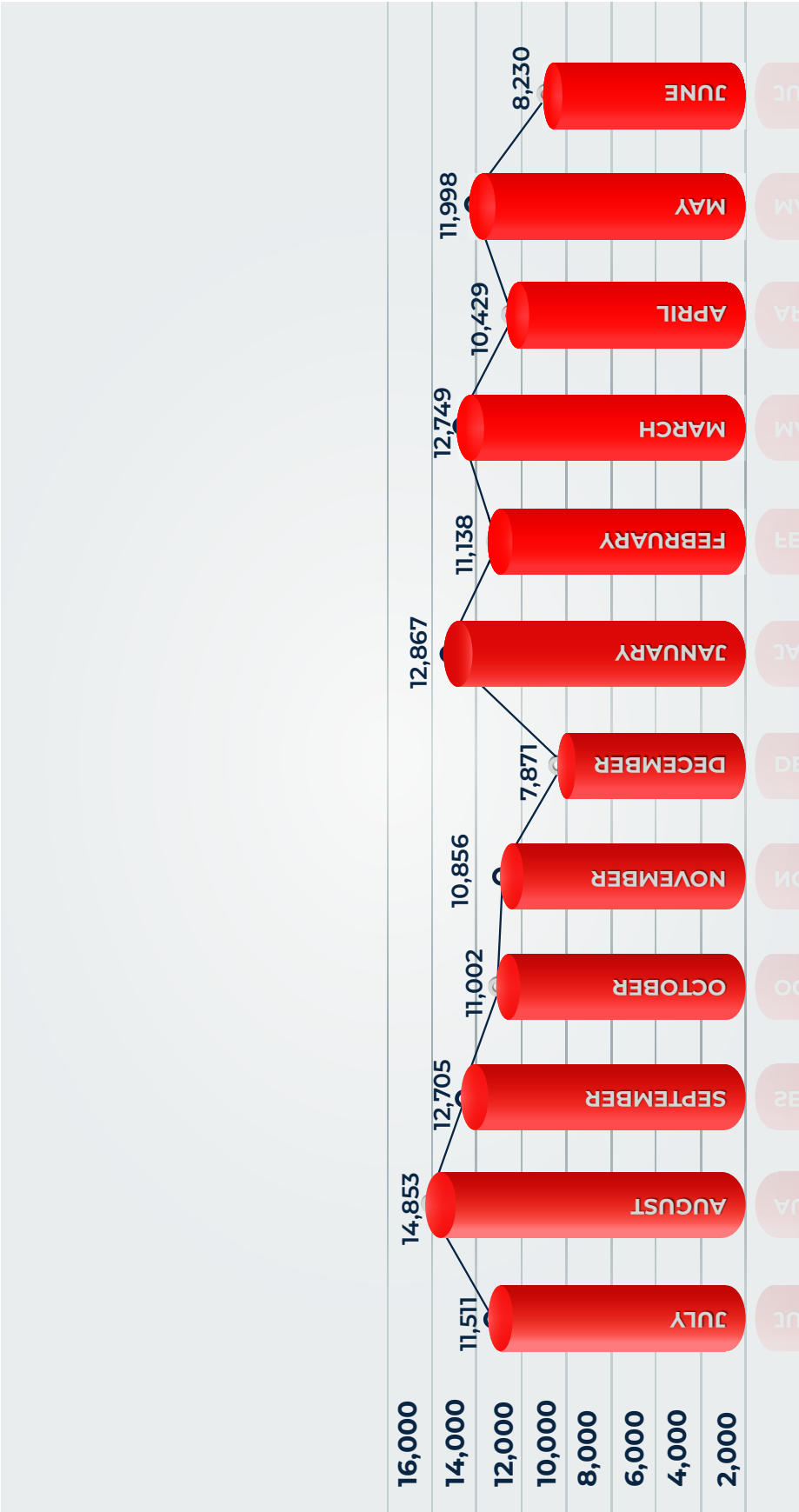
| Entities | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | |
|---------------------------------------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|-------|---------|
| Business Names | 6,484 | 8,403 | 7,307 | 6,135 | 6,238 | 4,392 | 7,454 | 6,257 | 7,215 | 5,618 | 6,698 | 3,777 | |
| Private companies | 4,913 | 6,264 | 5,258 | 4,747 | 4,485 | 3,385 | 5,294 | 4,751 | 5,419 | 4,650 | 5,157 | 4,353 | 75,978 |
| Companies Limited by Guarantee (CLGs) | 46 | 89 | 65 | 48 | 67 | 35 | 45 | 58 | 43 | 59 | 78 | 41 | 58,676 |
| Limited Liability Partnerships (LLPs) | 50 | 62 | 65 | 50 | 43 | 42 | 42 | 49 | 45 | 64 | 39 | 45 | 674 |
| Foreign Companies | 11 | 27 | 7 | 14 | 15 | 12 | 15 | 17 | 22 | 20 | 18 | 11 | 606 |
| Public Companies | 7 | 8 | 3 | 8 | 5 | 3 | 6 | 6 | 5 | 10 | 3 | 3 | 192 |
| Limited Partnerships | | | | | | 2 | 1 | | | 8 | 5 | | 67 |
| Total Entities Registered | 11,511 | 14,853 | 12,705 | 11,002 | 10,856 | 7,871 | 12,867 | 11,138 | 12,749 | 10,429 | 11,998 | 8,230 | 136,209 |

Table 2:1 Number of Businesses Registered in FY 2023/24

The data shows an increase in the registration from July (11,511) to August (14,853) before a gradual decline towards December due to the holidays. From January the trend is wavy with up and downs upto the month of June which recorded the second least registrations.

Figure 2:1 Number of Businesses Registered in FY 2023/24

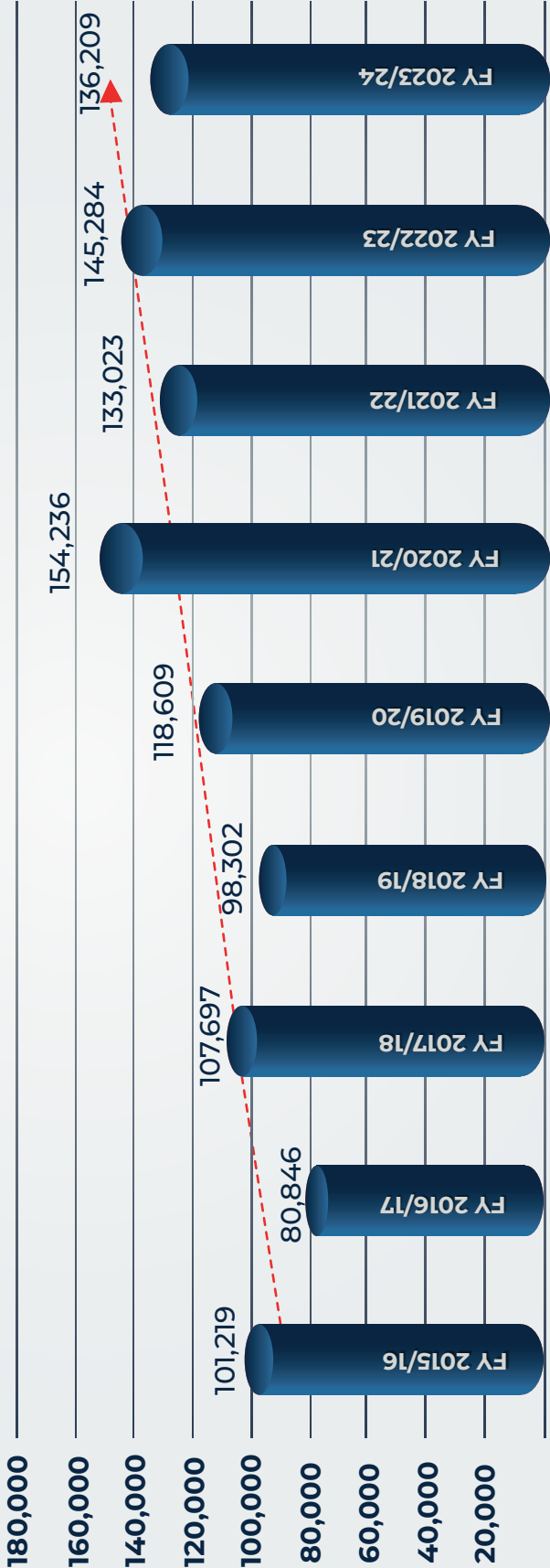
Registered Entities July – June FY 2023/24



A comparison with previous years shows that the number of businesses registered annually kept increasing over the years from FY 2016/17 to FY 2023/24. Although there was a drop in the number of businesses registered in the FY 2021/22 the overall trend for the last 5 years has been increasing, indicating annual growth in businesses registered.

Figure 2:2 Number of Businesses Registered Over the Years

Registered Entities Over the Years



2.2.1.2 Total Number of Business Entities in the Register

Total business entities registered as of 30th June 2024 was 2,295,868 of which 65.37% (1,500,772) were business names followed by private companies accounting for 33.87% (777,523). The least type of business registered includes the Limited by Guarantee((CLGs) (0.15%) and the least being Limited Partnership (LPs) (16 entities) which was recently launched onto the system in the FY 2023/24.

Table 2:2 Total number of Business Entities in the Register FY 2023/24

| Type of Entities | Figures | % |
|---------------------------------------|-----------|---------|
| Business Names | 1,500,772 | 65.37% |
| Private companies | 777,523 | 33.87% |
| Foreign Companies | 5,637 | 0.25% |
| Public Companies | 4,564 | 0.20% |
| Limited Liability Partnerships (LLPs) | 3,850 | 0.17% |
| Companies Limited by Guarantee (CLGs) | 3,506 | 0.15% |
| Limited Partnerships (LPs) | 16 | 0.00% |
| Total | 2,295,868 | 100.00% |

2.2.1.3 Number of Applications for Business Dissolutions in the Register

The Companies Registry received a total of 1,817 business applications for strike off from July 2023 to the end of June 2024. A comparison with previous years shows that the applications for strike-off has shown an overall decreasing trend.

Application for Dissolution of Companies Over the Months Between July FY 2021/22- June FY 2023/24

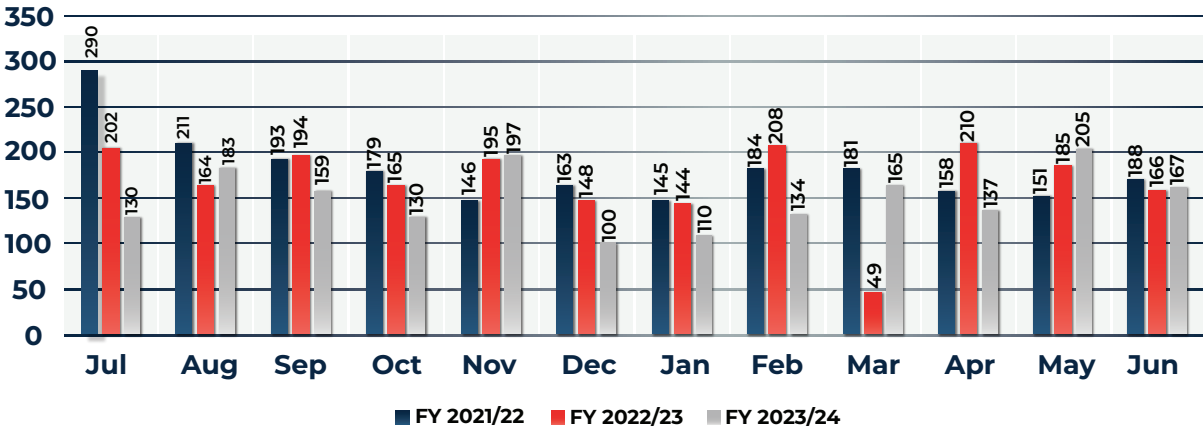
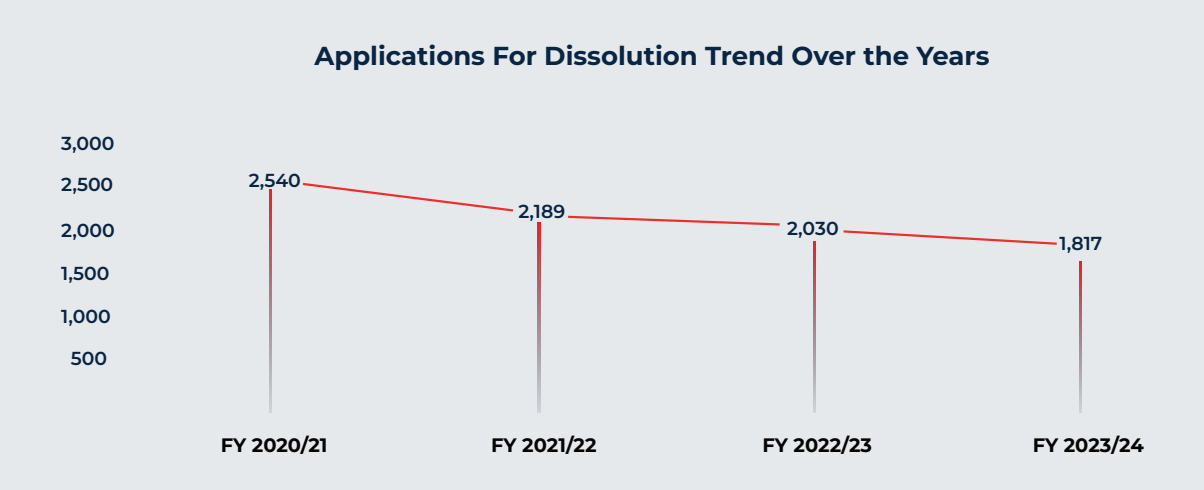


Figure 2:3 Graphical representation of Monthly Dissolutions up to the month of June in FY 2023/24

For the past few years, the dissolution of companies has shown a decreasing trend. This is an indication of an improved business support system for growth and sustainability of the business.

Figure 2.4 Graphical representation of Monthly Applications for Dissolutions up to June in FY 2023/24



2.2.1.4 Number of Applications vs Number of Registrations (Registration Efficiency)

During FY 2023/24, a total of 150,728 applications were made for registration of new businesses while the Service was able to register a total of 136,209 entities indicating an efficiency level of 90.37% indicating an improvement of 3.14% from the previous years' 87.23%. Further, the average number of applications made per month

was 12,560.67 and the Service registered an average of 11,350.75. This indicates that the Service is not able to achieve a registration efficiency of 100%, which is the desired level. This could probably be addressed through increased capacity to handle incoming applications by either increasing the staff numbers or increasing the level of automation to reduce human intervention.

Table 2:3 Monthly Registration Efficiency

| Values | Applications | Registered | Variance | Registration Efficiency |
|-------------|--------------|------------|-----------|-------------------------|
| July | 12,343 | 11,511 | -832.00 | 93.26% |
| August | 15,782 | 14,853 | -929.00 | 94.11% |
| September | 13,748 | 12,705 | -1043.00 | 92.41% |
| October | 12,992 | 11,002 | -1990.00 | 84.68% |
| Novemeber | 11,572 | 10,856 | -716.00 | 93.81% |
| December | 8,670 | 7,871 | -799.00 | 90.78% |
| January | 14,571 | 12,867 | -1704.00 | 88.31% |
| February | 13,350 | 11,138 | -2212.00 | 83.43% |
| March | 13,311 | 12,749 | -562.00 | 95.78% |
| April | 11,865 | 10,429 | -1436.00 | 87.90% |
| May | 12,586 | 11,998 | -588.00 | 95.33% |
| June | 9,938 | 8,230 | -1708.00 | 82.81% |
| Grand Total | 150,728 | 136,209 | -14519.00 | 90.37% |

2.2.1.5 Beneficial Ownership Information

During the FY 2023/24, the proportion of companies declaring Beneficial Ownership information increased from 314,609 in July 2023 to 377,758 in June 2024 as shown in the table. This was an increase of 63,149 new companies that declared their BO information during the year.

Table 2:4 Tabular Representation of the BOI Compliance over the months

| Months | Total Private companies registered to date | Total Private companies which have declared their BO | Percentage of compliance with BO |
|-----------|--|--|----------------------------------|
| July | 722,654 | 314,609 | 43.54% |
| August | 729,117 | 321,942 | 44.16% |
| September | 734,180 | 327,927 | 44.67% |
| October | 739,792 | 334,316 | 45.19% |
| November | 745,670 | 341,243 | 45.76% |
| December | 746,604 | 342,265 | 45.84% |
| January | 752,282 | 348,653 | 46.35% |
| February | 757,556 | 354,776 | 46.83% |
| March | 762,784 | 360,573 | 47.27% |
| April | 767,292 | 365,885 | 47.69% |
| May | 772,996 | 372,532 | 48.19% |
| June | 777,523 | 377,758 | 48.58% |

A graphical illustration showing the progression of the BO-compliant private companies from 43.54% to 48.58% recorded in FY 2023/24.

Graphical Representation of the BOI Compliance over the months

Beneficial Ownership Information

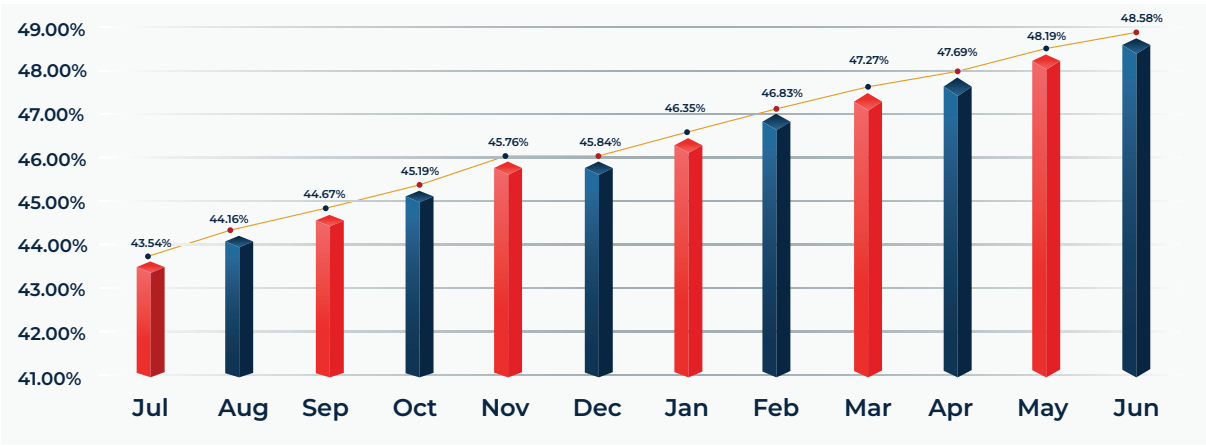


Figure 2:5 Graphical Representation of the BOI Compliance over the months

2.2.1.6 Risk Assessment for Legal Persons and Legal Arrangements

During the FY 2023/24, BRS Kenya engaged in process of conducting the 1st risk assessment for legal persons and legal arrangements to establish the exposure and possible extent of misuse for money laundering and terrorism financing in Kenya's first sector-specific risk assessment on legal persons and arrangements. The assessment covered legal persons and arrangements in Kenya which include; Private Limited Companies (PVT), Public Limited Companies (PLC), Companies Limited by Guarantee (CLG), Unlimited Companies, Foreign Companies, Limited Liability Partnerships (LLPs), and Trusts.

The assessment was guided by FATF Standards, the FATF Guidance on Transparency and Beneficial Ownership, and the FATF Guidance on

Beneficial Ownership of Legal Persons (Recommendation 24). It entailed mapping out the legal persons in Kenya, AML risk assessments, typologies of risks involved, assessment of threats, vulnerabilities, and the impact of some of the risks identified. Officers from BRS were among staff in the Working Group comprising of officers from; the Financial Reporting Centre (FRC), Business Registration Service (BRS), Ministry of Lands, Public Works, Housing and Urban Development (MoL), Central Bank of Kenya (CBK), Kenya Revenue Authority (KRA), Capital Markets Authority (CMA), National Intelligence Service (NIS), National Police Service (NPS), Directorate of Criminal Investigations (DCI), Ethics and Anti-Corruption Commission (EACC), Retirement Benefits Authority (RBA), Betting Control and Licensing Board (BCLB), Asset Recovery Agency (ARA), Office of the Director of Public Prosecutions (ODPP), Insurance

Regulatory Authority (IRA), Office of the Attorney & Department of Justice (OAG & DOJ) and Ministry of Foreign Affairs and Diaspora Affairs (MF & DA).

The assessment considered qualitative and quantitative data drawn from primary and secondary sources. The data was collected through semi-structured questionnaires and secondary data collection data sheets and was obtained from both open and classified information sources, including registries, Law Enforcement Agencies, Supervisory Bodies, Financial Institutions (FIs), Designated Non-Financial Businesses and Professions (DNFBPs) including Trust and Company Services Providers (TCSPs), and civil society organizations. The information obtained was analyzed using the

WB Tool to establish the ML/TF threat, risks, and national vulnerability on scales ranging from 0 to 1.

2.2.2 Data and Records Management

2.2.1.1 Records Verification Process (Business Linking Process)

During the FY 2023/24, the proportion of linked business entities rose from 42.97% in July to 46.58% at the end of the FY 2023/24 representing a 3.61% increase. Link-a-Business is a data clean-up process that is currently ongoing at the Business Registration Service (BRS) for unverified registered businesses (those registered before December 2016). This is a major milestone taking into account that the process is done at the discretion of the business owners.

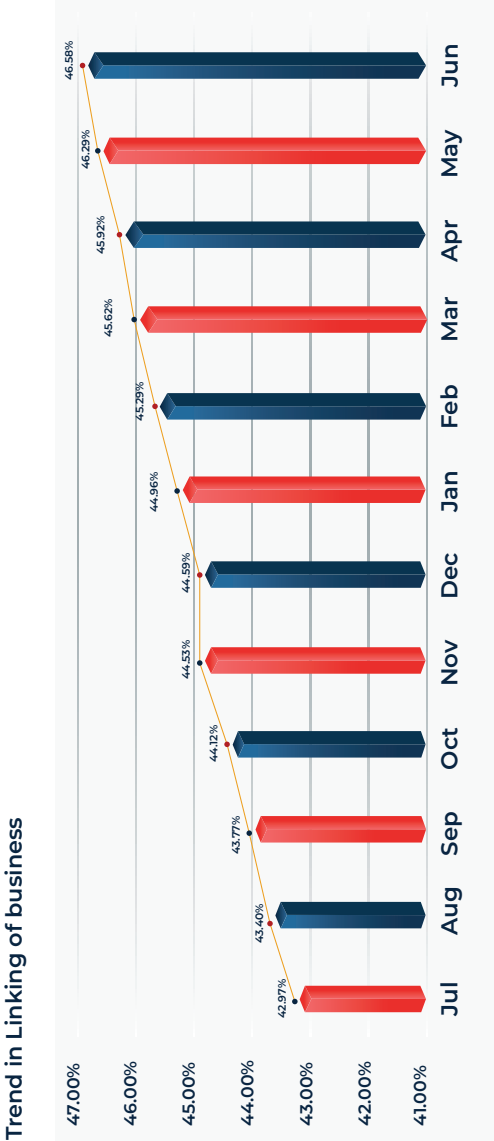


Figure 2.6 Graphical Representation of trend in linking of businesses.

A breakdown of the linking process across different business entities shows that by the end of the FY 2023/24, 100% of the LPs were linked, 99.87% of the LLPs were linked, 95.32% of the CLGs and 60.10% of the Private Companies. The least linked

type of business included Business Names at 39.44% and foreign Companies at 30.78%. and public Companies 30.39% and The Service remains committed to ensuring all businesses are linked.

Table 2:5 A Breakdown of The Linking Process Among Different Business Entities

| Type of Business Entity | Total Entities Registered | Total Business Entities Linked | % of Businesses linked |
|-------------------------------|---------------------------|--------------------------------|------------------------|
| Limited Partnership Entity | 16 | 16 | 100% |
| Limited Liability Partnership | 3,850 | 3,845 | 99.87% |
| Limited by Guarantee | 3,506 | 3,342 | 95.32% |
| Private Limited | 777,523 | 467,313 | 60.10% |
| Business Name | 1,500,772 | 591,884 | 39.44% |
| Foreign | 5,637 | 1,735 | 30.78% |
| Public Limited | 4,564 | 1,387 | 30.39% |
| Total | 2,295,868 | 1,069,522 | 46.58% |

2.2.2.2 Relocation of Trust Deed Files

Following the transfer of trust deed and perpetual succession records from Ministry of lands to BRS, The Companies Registry successfully completed the relocationtrustdeedfiles. Themandatesofarincludes:

2.2.2.3 Development of a Master List of All Registered Companies

The Service started developing a master list of all registered companies. By the end of the FY2023/2024, The Service had developed a master list to an average level of 94% for the files under (a)PVT & ecitizen data, (b) BPMS data set and (c)Permit Flow data set systems.



Table 2:6 Summary of master List Completion Rate

| Data Type | Reviewed + Approved | % Reviewed + Approved | Pending Review + Approval | %Pending Review + Approval | Total Data | Overall Project Completion Rate |
|----------------------------|---------------------|-----------------------|---------------------------|----------------------------|------------|---------------------------------|
| 1 Physical Files | | | | | | |
| a) C-Files | 185,002 | 97% | 5,458 | 3% | 190,459 | 97% |
| b) BN Register | 459,097 | 84% | 84,982 | 16% | 544,079 | 84% |
| Total | 644,098 | 88% | 90,440 | 12% | 734,538 | 88% |
| 2 BPMS | | | | | | |
| a) Companies | 214,312 | 100% | | 0% | 214,312 | 100% |
| b) BNs | 441,476 | 100% | | 0% | 441,476 | 100% |
| Total | 655,788 | 100% | | 0% | 655,788 | 100% |
| 3 PVT (Companies Act 2015) | 32,020 | 100% | | 0% | 32,020 | 100% |
| 4 Permit Flow | 35,531 | 100% | | 0% | 35,531 | 100% |
| 5 eCitizen | | 100% | | 0% | | 100% |
| TOTAL | 1,367,437 | 94% | 90,440 | 6% | 1,457,877 | 94% |

**Average project completion rate is 94%.

2.2.3 MPSR and Hire Purchase Registry

2.2.3.1 Registration of Security Interest Notices and Regulation of the Hire Purchase

During the FY 2023/24, a total of 133,476 MPSR notices were registered and 25,416 MPSR searches were conducted as shown in table 2.6 to 2.7.

Table 2.7 Registration of Security Interest Notices and Regulation of the Hire Purchase

| Values | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 | FY 2020/22 | FY 2020/23 | FY 2020/24 | Grand Total |
|----------------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| MPSR Initial Notices | 101,718 | 120,380 | 101,368 | 102,637 | 118,157 | 167,361 | 133,476 | 845,097 |
| MPSR Searches | 3,990 | 17,165 | 14,003 | 18,665 | 23,154 | 25,925 | 25,416 | 128,318 |

During the same period, a total of 36 Hire Purchases licenses were issued to HP merchants. The Service also inspected HP businesses in 4 regions to enhance compliance and ensure that the practice is done in line with the law.

2.2.3.2 Collateral Assets Used to Secure Credit

During the period between July and June, the most preferred type of movable collateral used to secure credit included household items, motor vehicles and furniture

Table 2.8 Tabular Representation of Collateral Assets Used to Secure Credit (July-June FY 2023/24)

| Collateral Asset | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Grand Total |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|
| Motor Vehicle | 4,452 | 6,230 | 9,779 | 7,629 | 5,667 | 4,792 | 4,272 | 5,086 | 5,177 | 4,381 | 5,942 | 4,653 | 68,060 |
| Household Items | 6,201 | 8,755 | 8,353 | 7,520 | 7,191 | 4,237 | 4,945 | 3,206 | 3,185 | 2,505 | 3,106 | 2,581 | 61,785 |
| Furniture | 3,185 | 4,201 | 4,388 | 3,993 | 3,297 | 1,217 | 1,981 | 812 | 543 | 477 | 369 | 427 | 24,890 |
| Livestock | 2,125 | 2,892 | 3,526 | 2,370 | 2,075 | 1,078 | 1,311 | 672 | 707 | 460 | 798 | 446 | 18,460 |
| Equipment | 1,897 | 2,561 | 2,811 | 2,656 | 2,330 | 838 | 1,264 | 548 | 258 | 406 | 267 | 278 | 16,114 |
| Others | 1,039 | 1,279 | 1,313 | 1,042 | 887 | 607 | 626 | 578 | 655 | 546 | 663 | 674 | 9,909 |
| Stock Trade | 587 | 914 | 840 | 699 | 753 | 585 | 670 | 585 | 617 | 539 | 755 | 717 | 8,261 |
| Acquired property | 332 | 432 | 457 | 315 | 308 | 184 | 1,011 | 1,028 | 1,061 | 1,073 | 737 | 867 | 7,805 |
| Securities | 486 | 652 | 595 | 569 | 624 | 367 | 581 | 577 | 613 | 466 | 454 | 250 | 6,234 |
| Bank Accounts | 146 | 251 | 250 | 272 | 221 | 160 | 264 | 215 | 241 | 201 | 236 | 183 | 2,640 |
| Immovable Property | 129 | 170 | 162 | 120 | 150 | 147 | 142 | 118 | 173 | 129 | 134 | 104 | 1,678 |
| Crops | 101 | 135 | 105 | 135 | 156 | 26 | 47 | 31 | 26 | 10 | 13 | 12 | 797 |
| Documents Title | 40 | 49 | 51 | 156 | 91 | 30 | 31 | 26 | 31 | 38 | 47 | 38 | 628 |
| Inventory | 46 | 92 | 50 | 19 | 49 | 16 | 27 | 19 | 31 | 56 | 31 | 24 | 467 |
| Intellectual Property | 34 | 99 | | | 2 | 5 | 5 | | | 4 | 4 | 4 | 157 |
| Consumer Goods | 15 | 6 | 6 | 46 | 14 | 12 | 7 | 2 | 8 | 7 | 8 | 2 | 133 |
| Negotiable Instruments | 4 | 6 | 2 | 2 | 4 | | 4 | 3 | 1 | | 2 | 4 | 32 |
| Grand Total | 20,819 | 28,724 | 32,688 | 27,543 | 23,819 | 14,301 | 17,188 | 13,506 | 13,334 | 11,298 | 13,566 | 11,264 | 228,050 |

The figure shows that Motor vehicles, Household Items, and furniture were the most common

movable properties used as collaterals to access credit.

MPSR Collateral Assets

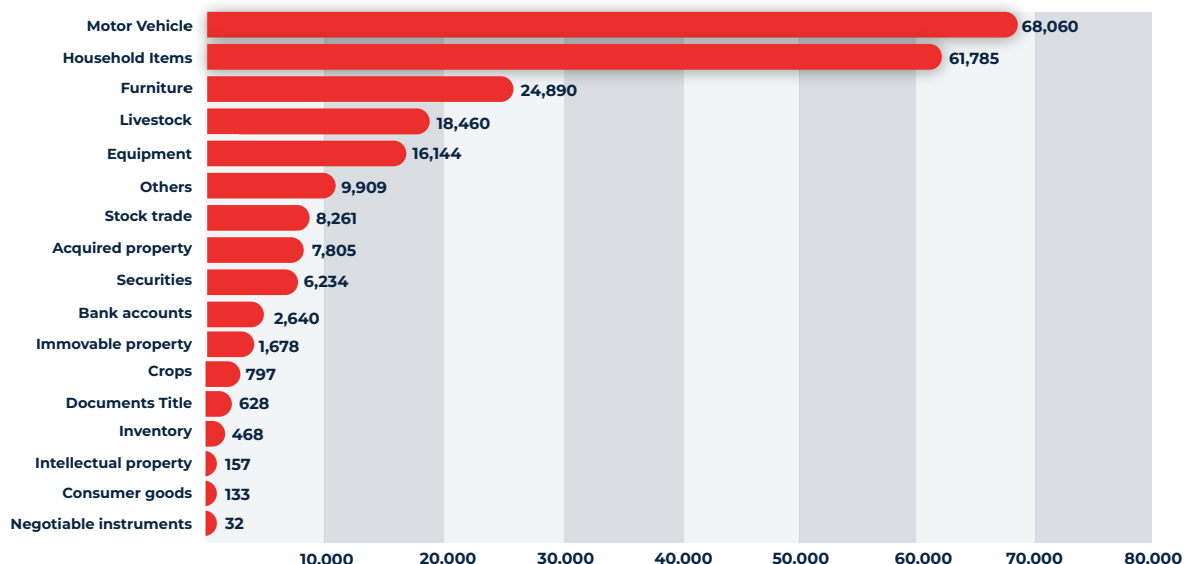


Figure 2:7 Graphical Representation of Collateral Assets Used to Secure Credit (July-June FY 2023/24)

2.2.3.3 Cumulative Credit Facilitated by MPSR to date in Kshs. Billions

MPSR from July to June FY 2023/24 amounted to approximately Kshs 22.95932 trillion

The cumulative amount of credit facilitated by.

Table 2.9 Tabular Representation of Credit Facilitated by MPSR to Date in Kshs Billions

| Type | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Grand Total |
|------------------------|--------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|
| Alien | 0.01 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.01 | 0.01 | 0.00 | 0.00 | 0.18 |
| Citizen | 1.72 | 6.34 | 3.08 | 6.82 | 0.75 | 2.50 | 2.91 | 1.59 | 3.22 | 5.11 | 10.55 | 0.90 | 45.50 |
| Foreign company | 85.18 | 10139.16 | 12.09 | 11.11 | 11.36 | 46.49 | 45.46 | 17.50 | 41.93 | 120.77 | 136.00 | 56.84 | 10723.91 |
| Foreign unincorporated | 96.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 96.84 |
| Foreigner | 0.00 | 0.00 | 0.00 | 0.00 | 0.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.06 | 0.14 |
| Local company | 222.67 | 10204.15 | 150.67 | 90.11 | 155.42 | 85.63 | 114.43 | 191.73 | 234.74 | 190.42 | 261.08 | 178.30 | 12079.36 |
| Local unincorporated | 0.18 | 0.37 | 0.15 | 0.20 | 0.00 | 0.15 | 1.30 | 0.16 | 0.22 | 0.10 | 0.12 | 10.43 | 13.39.36 |
| Grand Total | 405.77 | 20350.07 | 166.00 | 108.24 | 167.61 | 135.61 | 164.10 | 211.09 | 280.13 | 316.40 | 407.76 | 246.53 | 22959.32 |

2.2.3.4 Number of Creditors who gave credit using Movable Property Collaterals

creditors advanced credit to borrowers. The figures show that most creditors advanced credit in Q1 at 46,677 and Q4 at 44,662. The least number of creditors who advanced credit was in Q1 at 35,121.

During the year under review, a total of 135,760

Table 2:10 Tabular Representation of Quarterly Number of Creditors who gave credit using Movable Property collaterals

| Type | 1 ST | 2 ND | 3 RD | 4 TH | Grand Total |
|------------------------|-----------------|-----------------|-----------------|-----------------|-------------|
| Alien | 15 | | 17 | 3 | 35 |
| Citizen | 1,359 | 1,367 | 1,178 | 765 | 4,669 |
| Foreign company | 31 | 22 | 26 | 34 | 113 |
| Foreign unincorporated | 4 | 1 | | | 5 |
| Foreigner | 1 | 1 | | 282 | 284 |
| Local company | 43,147 | 34,813 | 25,890 | 22,364 | 126,214 |
| Local unincorporated | 1,482 | 1,317 | 922 | 719 | 4,440 |
| Grand Total | 46,039 | 37,521 | 28,033 | 24,167 | 135,760 |

2.2.4 Legal Services and Regulatory Reforms

2.2.4.1 Regulatory Reforms

During the year under review, the Service spearheaded the development and gazettment of L. N. 162 Companies (Beneficial Ownership Information) (Amendment) Regulations, 2023, L. N. 163 The limited Liability Partnership (Beneficial Ownership) Regulations 2023 and also participated in the development of Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act 2023. The Service also prepared Amendments to the LLP Act but had not gone to public participation stage.

2.2.4.2 Safeguarding BRS Legal Interests

In FY 2023/24, the Department of Legal Compliance & Research represented BRS in court and closed 36 cases in favour of BRS. The department also streamlined and standardized

the process of contract management to ensure effective management of contracts throughout their lifecycle. The department drew up sixteen (16) contracts and tracked and monitored their implementation against set milestones.

2.2.5 Compliance & Risk Management

2.2.5.1 Implementation of Compliance Management Program

In regards to compliance with laws and regulations, BRS has a policy on risk management and a compliance programme. In this programme, BRS monitors compliance in different areas on a quarterly basis. Where there is non-compliance, BRS ensures that measures are taken to ensure compliance. In FY 2023/2024, the following non-compliance issues were realized and measures were put in place to mitigate them;

Table 2.11 Compliance Status

| Non-compliance issue | Non-compliance issue |
|---|---|
| An annual governance audit | Efforts were put in place to procure the services of a consultant however, due to budget constraints, this has not yet been achieved. Negotiations with National treasury took place to request for extra allocations for the activity. |
| Carry out comprehensive and independent legal audit once every 2 years. | |
| Data protection impact assessment. | DPIA was undertaken |
| Equal employment opportunity (5% recruitment of PWDs) | All advertisements made included a clause encouraging PWDs to apply, and the same was shared with NCPWD. |

2.2.5.2 Enterprise Risk Management

BRS implements an enterprise approach to risk management guided by the ERM Policy Framework adopted by the Board on 13th July 2020. The framework enables continuous identification, assessment, and mitigation of risks that BRS faces as it pursues its strategic objectives. The framework was reviewed during the reporting period and employees were sensitized to ensure continuous improvement in the management of risks. The key strategic risks being managed were as follows.

2.2.5.2.1 Legal risk {LCR (S) 02}

This is the risk that emanates from uncertainties posed by disputes that are brought against the Service. An assessment of BRS legal risk landscape indicated a HIGH legal risk exposure during the period and this was primarily attributable to disputes filed against the Service. The risk was managed through proactive mitigation measures which included implementing a robust compliance Programme, contract management process, training and sensitization of employees and engagement of internal legal counsels to resolve any legal issues that arose. As a result of these measures, there was a significant reduction in legal risk in terms of the total number of cases resolved as well as the outcome of those cases.

2.2.5.2.2 ICT Systems risk {ICT (O) 01}

These are risks that may impact the availability, proper functioning, reliability, adaptability and resilience of BRS IT infrastructure, such as, Network Infrastructure, Server infrastructure, End-point devices, Cloud services. BRS relies heavily on ICT infrastructure to enhance access to and increase efficiency in the delivery of core services. The risk assessment showed a High-risk profile for the “Enhanced Business Registration System” mainly due to technical system migration challenges. The risk was managed by revising the migration strategy which resulted in improved system performance and reduced service interruptions.

2.2.5.2.3 Strategy implementation risk {CP(S) 01}

Strategy implementation risk is the potential risk that the business plans adopted by BRS may fail to deliver on the Strategic plan or that they may not be fully implemented. The major risk driver was uncertainty around funding of the strategic plan initiatives caused by lower-than-expected budgetary allocations and austerity measures mid-implementation. Mitigation strategies that were implemented involved formulation of well thought out justifications to support BRS budget requests and continuous engagement of the National Treasury during budget implementation and

supplementary review stages of the budget process. Other measures that were implemented to enhance strategy implementation involved work plan rationalization and consolidation of interventions to align with budgetary allocations, while ensuring that priority interventions were resourced.

2.2.5.2.4 Data Risk (ICT (O) 02)

BRS generates, receives, processes, and stores different types of data in the course of executing its mandate. The capability to manage, protect and secure its data assets is of strategic importance to the Service and its stakeholders and different measures were put in place during the period under review to achieve

2.2.6 Resolution of Insolvency Matters

2.2.6.1 Summary of Official Receiver Figures from July 2023 to June 2024

During the FY 2023/24, a total of 108 insolvency proceedings were recorded by the Official receiver in FY 2023/24. Out of 108 proceedings recorded, 95 proceedings were as a result of financial distress representing (88.0%) of the matters reported in the year. A total of 35 matters were petitioned for liquidation through court and 28 through administration.

Table 2.12 Summary of Official Receiver Figures from July 2023 to June 2024

| Service | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Application & renewal for insolvency practitioners' license | 2 | 4 | 3 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 2 | 29 |
| Bankruptcy order application (debtor's application) | 0 | 1 | 7 | 4 | 2 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 18 |
| Bankruptcy order application (creditors' petition) | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 1 | 5 |
| Application for no asset procedure | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 2 | 7 |
| Application for individual voluntary arrangements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Application for summary installment order | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Petitions for liquidation of companies by court | 0 | 4 | 2 | 3 | 5 | 1 | 5 | 5 | 5 | 3 | 1 | 1 | 35 |
| Companies under voluntary liquidation | 3 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 2 | 1 | 13 |
| Application for company voluntary arrangements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Application for administration by court | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration by Direct Appointment | 2 | 1 | 6 | 4 | 1 | 0 | 2 | 2 | 0 | 0 | 6 | 4 | 28 |
| Companies under administrative receivership | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Total Insolvency Proceedings | | | | | | | | | | | | | 108 |
| Proof of debt | 1 | 6 | 15 | 2 | 16 | 14 | 1 | 1 | 9 | 5 | 1 | 4 | 75 |
| Closure of Dormant cases | 2 | 0 | 7 | 2 | 2 | 1 | 0 | 0 | 1 | 0 | 2 | 1 | 18 |

2.2.6.2 Closure of Dormant Insolvency Files

The Official Receiver closed eighteen (18) insolvent matters(files) from July – June of FY 2023/24. This represents 36% of the annual target. Also, this was a decline compared to 386 insolvency matters closed in FY 2022/23. The decline was attributed due a reduction in the number of pending insolvency matters and tight court schedules.

this and minimize the risk that can lead to compliance issues, data integrity issues and loss of reputation. An assessment of BRS data risks indicated that the main areas of concern revolved around ensuring the protection and integrity of BRS data assets, security of its IT systems, compliant 3rd party arrangements and improvement in employee data handling practices. To address these areas, different mitigation measures were implemented including; ongoing data cleansing initiatives, conducting data protection impact assessments, appointment of data protection officer, implementation of layered security protocols on BRS software and hardware and sensitization of employees on data protection and cyber security.

2.3 Service Delivery, Corporate Visibility & Collaborations

2.3.1 Customer Service

2.3.1.1 Interactive Voice Response (IVR)

During FY 2023/24 the Service commenced implementation of the Interactive Voice Response (IVR) and anticipated finalizing the full rollout in

August. The IVR will improve the customer user experience through call routing to the appropriate customer service representative based on the caller's input, reducing the time spent on hold and improving overall call handling efficiency. This will

result to a reduced abandoned call rate and additionally, ensure that customers receive consistent information and service, regardless of when they contact us. The IVR will also enable the Service to get customer insights on the most sought-after services, frequency and period that will help in developing frequently asked questions to improve services. Most importantly, the IVR will track and record all calls for quality assurance and training purposes, and assist in maintaining high service standards. Finally, the IVR shall be used to enhance the corporate brand identity by utilizing a caller's waiting time as she/he waits to be attended to disseminate corporate information and create awareness of the various BRS services and processes.

2.3.1.2 Queue Management System at the Banking Hall

During the 4th quarter of FY 2023/24, the Service fully operationalized the Queue Management System (QMS). The system will see more than

5,000 customers who seek services at the Business Registration Service monthly, experience enhanced service delivery and satisfaction. The system will help the Service efficiently manage queues, aid in data collection that is well safeguarded and assist in improving service delivery touchpoints. The system aims at optimizing client flow, enhancing clients' experiences, improving overall operational efficiency, address

ing challenges associated with clients' queues, reducing wait times, and ensuring seamless resource allocation. The system aims to improve the following:

Improving Client Flow: The Queue Management System is expected to revolutionize the way clients navigate through the banking hall. The system will guide client's seamlessly through their processes resulting in a smoother and more organized client flow within the banking hall.

Real-Time Insights: The implementation will provide valuable real-time insights into client traffic patterns, peak hours, and service bottlenecks. This data-driven approach will allow for informed decision-making and resource allocation adjustments to meet clients demands effectively.

Enhanced Staff Productivity: The system will efficiently allocate clients to appropriate service points. This will optimize staff utilization. As a result, this is expected to reduce overcrowding and wait times and enable staff to focus on delivering quality service rather than managing queues.

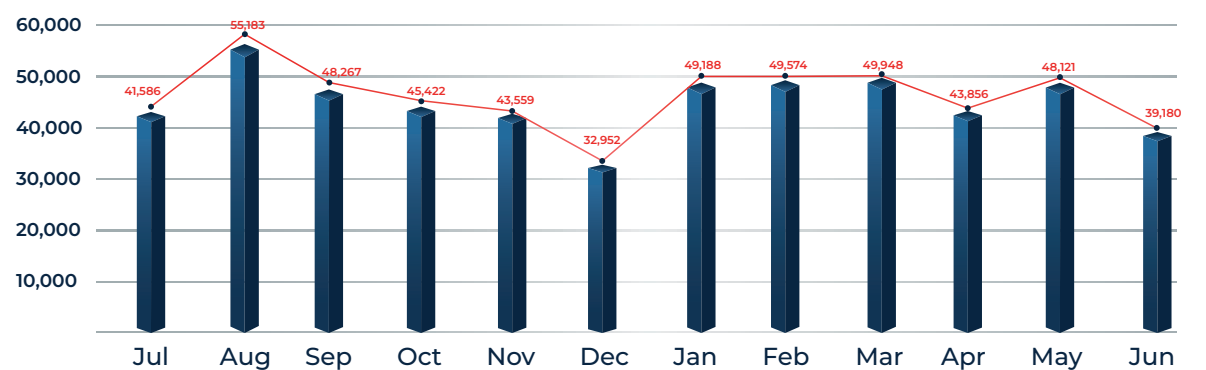
2.3.1.3 Call Centre

During the Financial Year 2023/24, BRS recorded the highest answer rate to calls by customers in the last quarter (80.94%). On average, the Service was able to respond fully to 78.02% of the inbound calls made in FY 2023/24. The are instances where the Service could not answer calls due to staff limitations.

Table 2.1.3 Call Centre

| | Inbound calls | Number of calls answered | Answer rate |
|-------|---------------|--------------------------|-------------|
| Q1 | 27,758 | 22,351 | 80.52% |
| Q2 | 22,826 | 18,323 | 80.27% |
| Q3 | 33,309 | 23,804 | 71.46% |
| Q4 | 33,377 | 27,016 | 80.94% |
| TOTAL | 117,270 | 91,494 | 78.02% |

2.3.1.4 Customers Served



2.3.1.5 Customer Satisfaction Survey

To improve customer delivery, the Service undertook a second survey on customer satisfaction. The survey registered a satisfaction rate of 74.16% and an awareness level of 52.8%. The survey documented among other things conclusions and key findings and recommendations on how to improve service delivery.

2.3.1.6 Resolution of Customer Complaints

During the FY 2023/24, the Service documented a total of 9,546 complaints out of which a total of 7,194 were resolved resulting in a resolution rate of 75.4%. The resolution rate of quarter 2 was very high at 87.5%. On average, the Service took 7.5 days to resolve a complaint for FY 2023/24.

Table 2:15 Resolution of Customer Complaints

| Numbers Received | | Number of Complaints Resolved | Complaint Resolution Rate | Average days taken to resolve a complaint |
|------------------|-------|-------------------------------|---------------------------|---|
| Q 1 | 1,021 | 2,021 | 67.1% | 7 |
| Q 2 | 2,086 | 1,826 | 87.5% | 7 |
| Q 3 | 1,925 | 1,644 | 85.4% | 7 |
| Q 4 | 2,525 | 1,703 | 67.4% | 8 |
| TOTAL | 9,546 | 7,194 | 75.4% | |

2.3.2 Corporate Visibility

2.3.2.1 Business Formalization 2-Week Rapid Action Campaign

Business Registration Service embarked on a public awareness and sensitization drive, dubbed

“business formalization 2-week rapid action campaign” with an overall goal of creating brand visibility for the organization, providing instant services on the ground, and addressing concerns and queries of the general public concerning BRS services.



BRS educating and engaging the public at Kongowea Market in Mombasa County



The BRS team engaging traders at the Burma Market in Nairobi County



Ruth Soila, Head of the registration Unit engage a customer in Machakos Town

This initiative included traversing of the BRS roadshow caravan in the Counties of Nairobi, Kiambu, Machakos, Kajiado, Nyeri, Kisumu, Vihiga, Kakamega, Uasin Gishu, Kilifi and Mombasa, stops and personalized engagements in

markets and trade centres and service provision in select Huduma Centres in Nyeri, Kisumu, Eldoret, Kilifi and Mombasa and financial institutions visitations to create awareness on the Movable Property Security Rights Registry.



Sarah Wainaina, Assistant Registrar of Companies educating public in Kisumu County



Raymond Korir, Assistant Official Receiver engage members of the public at a market in Kisumu County

The Service also utilized mainstream media, with the infomercial airing on KBC English Service and Taifa Leo notifying the general public of our roadshow caravan and service provision in Huduma Centres. A public notice was also issued during the commencement of this activity, dissemination of e-shots/posters on BRS social media assets, and distribution of branded merchandise and Information Education Communication (IEC) materials.

The MPSR Registry also joined the group that embarked on a roadshow to sensitize the public on the available opportunity to access credit using movable assets.



During the public awareness and sensitization, the Service raised a total of Three Hundred and Sixteen Thousand Shillings, One Hundred and fifty (Kshs. 316,150.00). The revenue was generated from the registration of private limited companies and business names and filing of annual returns. Other services that raised revenue include; change of particulars and Official Search.



During the FY 2023/24, the Service had several collaborative ventures and partnerships with different stakeholders as listed.

2.3.3.1 Stakeholder Engagements on Company Registration

- (1) **BRS Participation in the Nairobi International Trade Fair (NITF) 2023:** The Business Registration Service (BRS) participated in the Nairobi International Trade Fair (NITF) 2023 at the Jamhuri Park Showground that was held on 25th September – 1st October, 2023. This year's Trade Fair themed: Promoting Climate Smart Agriculture and Trade Initiatives for Sustainable Economic growth, attracted more than 400 exhibitors drawn from different sectors mainly Agriculture, Government Institutions, Private Sector, Small and Medium Enterprises, Banking and Education. On 25th September, 2023, BRS was evaluated by a panel of judges and emerged the 3rd Best Stand Embracing ICT Systems. The Service received a certifi



- (1) cate of recognition for the exceptional performance from the Cabinet Secretary, Ministry of Co-operatives & Micro, Small and Medium Enterprises (MSMEs), Simon Chelugui, EGH.
- (2) **Inua Biashara MSME Exhibition:** On 24th November 2023, BRS participated in the Inua Biashara MSME Exhibition that was held in Nairobi. The exhibition themed "Strengthening MSME Resilience", the event also featured remarks and a panel discussion by the Registrar of Companies. The forum saw close to 30 commercial banks exhibit customized SME products at the forum aimed at facilitating information exchange between banks and customers in a bid to create awareness about available SME products and understanding SME needs. The expo's overall aim of the exhibition was to facilitate access to credit for small enterprises.
- (3) **BRS participation in the Asset Recovery Inter-Agency Network for Eastern Africa:** The Service, as a key player in facilitating investigations in financial crimes and money laundering, participated in the launch of the Kenya In-Country Structure by Asset Recovery Inter-Agency Network for Eastern Africa (ARINEA) in Nairobi. ARINEA is an informal network that aims at the informal exchange of information about individuals, assets, and companies at the regional and international level so as to facilitate the effective tracing and recovery of the proceeds of crime and deprivation
- (4) **Stakeholder sensitization on the Money Laundering & Terrorism Financing Risk Assessment for Legal Persons and Legal Arrangement:** On 30th November 2023, BRS with the support of Transparency International, conducted a stakeholders sensitization workshop on the Money Laundering & Terrorism Financing Risk Assessment for Legal Persons and Legal Arrangement. The Service sensitized participants on the amendments to the Companies Act, of 2015, and the Limited Liability Partnerships Act, of 2011 which were amended through the Anti-Money Laundering and Counter-Terrorism Financing (Amendment) Act of 2023.
- (5) **Open Ownership BOI Workshop:** On 17th November 2023, BRS participated in the Open Ownership workshop in Nairobi. The workshop brought together key government agencies to discuss the use and leveraging of Beneficial Ownership data in the country, exploring data disclosure, data quality & verification, & opportunities for collaboration & inter-agency coordination.
- (6) **5th Annual MSMES Conference and Expo:** The Service participated in the 5th Nation Media Group Plc Edition of the MSMEs Conference and Expo on March 20th – 22nd 2024 at KICC, Nairobi. During the Expo, BRS not only served an average of 200 customers daily but also showcased the progress made in the ease of doing business in Kenya and the interventions the Service is currently undertaking to accelerate the MSMEs Growth through Adoption of Technology and Innovation. The Service was also able to administer a total of forty (40) questionnaires on customer satisfaction. The conference also provided the Service undoubted corporate visibility and also a platform to interact with customers and create awareness on the BRS services.
- (7) **Training of Huduma call center & cybercafé staff:** BRS trained one hundred and six (106) personnel from the Huduma Kenya Secretariat on 26th January 2024. The 2-hour virtual training that was done in two groups targeted Huduma call center and cybercafé staff across the Country. The training focused on the new enhanced system, filing Annual Returns and Link a Business process.
- (8) **Private Business owner's sensitization:** BRS sensitized one hundred and fifty-eight private business owners on registration of various entities and ongoing compliance. The forum organized and convened by the Global Harvest Church was held on 4th June 2024.
- (9) **Law enforcement sensitization:** The Service sensitized fifty-six personnel from law enforcement agencies on the functions of BRS, Beneficial Ownership Information and Risk Assessment. The undertaking took place on 30th May 2024 in Nairobi.
- (10) **Sensitisation of the private sector:** The Service sensitized twenty-eight individuals from the private sector on the functions and mandate of BRS, Beneficial Ownership Information and Risk Assessment on 4th June 2024 in Nairobi.
- (11) **Sensitisation of money service providers:** BRS sensitized two hundred and fifty individuals comprising of Safaricom Agents and Forex Bureaus on compliance obligations, Beneficial Ownership Information and Risk Assessment on 13th April 2024 in Nairobi.
- (12) **American Chamber of Commerce (AmCham) Kenya Business Summit:** BRS participated and exhibited in the American Chamber of Commerce (AmCham) Kenya Business Summit that was held on the 24th -25th April 2024 at the Windsor Golf Hotel, Nairobi under the theme, "Catalysing the future of U.S-East Africa Trade and Investment."
- (13) **China-Africa Economic and Trade Expo (CAETE):** BRS participated and exhibited in the China-Africa Economic and Trade EXPO (CAETE) that was held on 9th to 11th May 2024 at the Edge Hotel, South C, Nairobi. BRS edu

cated and sensitized participants on the registration of various business entity types, compliance obligations and Beneficial Ownership Information.

2.3.3.2 Stakeholder Engagements on MPSR

- (1) **Formalisation of the Creative Economy and Leveraging on Moveable Assets to Access Credit:** The Service through the support of Financial Sector Deepening (FSD -Kenya) undertook a capacity-building session themed 'Formalization of the Creative Economy and Leveraging on Moveable Assets to Access Credit', on 21st December 2023 at Fairview Hotel, Nairobi. The forum was attended by stakeholders in the field of intellectual property rights, commercial banks and government agencies. The Official Receivers' presentation highlighted the various rescue mechanisms (for both companies and individuals), provided for under the Insolvency Act, 2015. The Service discussed the roles of various stakeholders in ensuring cooperation and realization of the objectives of the Act, the implementation of business rescue/re-organization proceedings, roles of Insolvency Practitioners, management of the company during insolvency, ranking of claims in insolvency, rights of creditors (secured & unsecured) and the role of the Official Receiver as the regulator.
- (2) **Sixty women trained during Women's Day on MPSR:** The Deputy Registrar, MPSR trained sixty (60) women during the International Women's Day on March 8, 2024, under the theme 'Invest in women: Accelerate progress'. The women were trained on how to use movable assets to access credit.
- (3) **Training of Leasing Association of Kenya on collateral registry:** On 13th June 2024, the Service sensitized the Leasing Association of Kenya on the Movable Property Security Rights Registry (MPSR) and how the association can leverage on it to secure their interests as lessors. The sensitization also focused on how the Registry has been implemented by the lenders whose interests are mostly protected by the Act. The participants were also taken through the workability of the new collateral registry on the new BRS system.

2.3.3.3 Stakeholder Engagements on Official Receiver

- (1) **Technical Working Group on Insolvency (TWG) & Kenya Revenue Authority (KRA):** The Official Receiver initiated a collaboration with the Kenya Revenue Authority (KRA) to prepare 'Taxpayer guidelines to support Insolvency Practitioners during insolvency proceedings. The draft guidelines were shared with our stakeholders, and a meeting was held on 21st June 2023 to dis-

cuss the same. The guidelines touch on various issues including issuing notice to the Commissioner General of one's, support given to IPs with regards to iTax rights during discharge of mandate, disposal of assets, liability of insolvency officeholder, payments to KRA, obligation of insolvency officeholders in relation to taxes. The Taxpayer guidelines for Insolvency Practitioners have since been published and are available to the public.

- (2) **Workshop at the United States International University Africa:** The Official Receiver was invited and participated in the development of a co-care curriculum stakeholder workshop held on 10th August 2023. The essence of the program is to offer a holistic program that combines technical and entrepreneurship concepts to provide a simple, practical, and business-themed curriculum at the University.
- (3) **Transparency International / KEPSA & Wezesha Biashara Forum:** The Official Receiver participated in the MSME Sector Stakeholder Engagement convened by Transparency International on 24th August 2023. The theme of the meeting was 'promoting a compliance culture for business successes and the Official Receiver made a presentation on business rescue and corporate restructuring.
- (4) **Insolvency Association of International Regulators (IAIR) Annual Conference & AGM:** The Official Receiver participated in the IAIR Annual Conference & AGM held on 18-21st September 2023. The theme of the meeting was 'Digitization/IT Developments in the Insolvency World'. As a new member of IAIR, the Official Receiver made a presentation on the 'Insolvency Regime in Kenya' during the plenary session. The conference provided an opportunity to benchmark on Insolvency best practices and also learn about digitalization as one of the major trends affecting, influencing, and shaping society and business.
- (5) **Judicial Capacity Building on Company and Insolvency Law:** The Service participated in the training of judges of the High Court, Commercial and Tax Division from 24th October to 28th October 2023 at Sawela Hotel, Naivasha. The topics covered during the sensitization session were: Legal regime governing insolvency, institutions and their role in insolvency processes, objectives of insolvency, managing insolvency petitions, types of liquidation, role of the court, and rescue culture. There was also a plenary session where stakeholder feedback on the role and performance of the courts in corporate insolvency was issued.
- (6) **Technical Working Group on Insolvency (TWG):** Following the development of the Taxpayer guidelines to support Insol

vency Practitioners during insolvency proceedings, the Official Receiver conducted training of the guidelines to various stakeholders present at the Technical Working Group on 8th November 2023 at ALN House, Nairobi. The Official Receiver also conducted a training on the pre-insolvency moratorium and post-commencement financing to members of the Association of Turn Around & Insolvency Kenya.

- (7) **Training of the Judges of the Court of Appeal:** The Service participated in the training of Judges of the Court of Appeal on 20th March to 22nd March 2024 at Sarova Woodlands, Nakuru; dubbed “Dialogue on bank resolution/insolvency and company law on Company & Insolvency Law”. The topics covered during the sensitization session were: Corporate restructuring of companies, Legal regime governing insolvency, managing insolvency petitions, Receivership & Liquidations, rescue culture, corporate Insolvency procedures, Role of supervisory bodies (Courts & the Official Receiver). There were various panel discussions highlighting challenges, areas of improvement & management of corporate insolvency matters and plenary sessions where stakeholder feedback on the role and performance of the courts in corporate insolvency was issued.
- (8) **Law Society of Kenya Continuous Professional Development:** The Official Receiver conducted a Continuous Professional Development (CPD) training for lawyers on 14th February 2024 on “An Efficacious Insolvency Practice in Kenya”. The training covered various topics such as corporate Insolvency procedures and the roles of various players in Insolvency.
- (9) **Policyholders Compensation Fund:** The Official Receiver’s office was engaged in a joint workshop with the Policyholders Compensation Fund from 18th to 21st March 2024 on Statutory Management Guidelines Dissemination & Stress Testing. The areas covered during the training include: Statutory Management process and guidelines, Risk Monitoring & Profiling, Insolvency Best Practices, Challenges & various simulation exercises.
- (10) **MOU between the Policyholders Compensation Fund & the Official Receiver:** The Service engaged in a joint workshop with the Policyholders Compensation Fund from 21st May to 24th May 2024 for the development of a Memorandum of Understanding (MoU) between the two parties. Participants had several discussions with regards to the areas of convergence between PCF and OR,

requirements and thereafter proceeded to prepare and review the new MoU. Considering its approval by both parties, the next step will be the signing of the MoU, which is anticipated to take place in the new financial year.

- (11) **Training of members of the Association of Turnaround and Insolvency Kenya (ATIK):** The Service participated in the training of members of the Association of Turnaround and Insolvency Kenya (ATIK); which mainly consists of Lawyers, Accountants, Bankers and Insolvency Practitioners, on 20th June 2024 at KPMG Offices, Nairobi. The topics covered during the session were: Bankruptcy & its Alternatives, requirements for presenting petitions, history & legal regime governing insolvency, role of supervisory bodies (Courts & the Official Receiver) & distribution to creditors.
- (11) **World Day of Remembrance of Road Traffic Victims:** As part of performance contracting requirement, the BRS road safety committee representatives joined the National Transport and Safety Authority among other stakeholders in commemorating the World Day of Remembrance of Road Traffic Victims in Naivasha on 19th November 2023.
- (12) **Public Notice on the draft Bills and Regulations:** As part of stakeholder engagements, the Service published a public notice on 14th May 2024 requesting comments on the draft Limited Liability Partnerships (Amendment) Bill 2024, The Companies (Foreign Companies) Regulations 2024, The Companies (Rectification) Regulations 2024, The Movable Property Security Rights (Amendment) Bill, 2024 and the Insolvency (Amendment) Bill, 2024.

2.4 Institutional Capacity

2.4.1 Human Resource Management

2.4.1.1 Recruitment

During the year under review, the Service recruited 13 staff members to enhance staffing levels and maintain a productive able workforce. The following positions were filled. 1 Director of ICT, 3 office as

sistants, 1 communication officer, 1 planning officer, 1 senior legal officer compliance, 1 senior legal officer -investigations, 1 deputy director legal research, 1 senior finance officer and 1 corporation secretary.

2.4.1.2 Capacity Building and Training

During the FY 2023/24, a total of 30 staff members participated in several capacity-building initiatives organized by the office as shown in table 2.17.

Table 2:17 Capacity Building and Training

| NO | Number of staff | Training | Trainer |
|----|-----------------|--|------------------------|
| 1 | 3 | SMC | KSG |
| 2 | 8 | SLDP | KSG |
| 3 | 1 | Executive course on media relations and public communication | Media Council of Kenya |
| 4 | 1 | Retirement planning | KSG |
| 5 | 1 | Supervisory Skills Training | KSG |
| 6 | 3 | Professional Success at work Place | KENASA |
| 7 | 2 | P.R & Customer Care | KSG |
| 8 | 1 | Customer Care | KSG |
| 9 | 1 | Management Skills | KSG |
| 10 | 1 | Kenya Sign Language | KISE |
| 11 | 1 | Government protocol Mgt & Event Mgt | KSG |
| 12 | 1 | CISA Conference | CISA |
| 13 | 5 | ICPAK Conference | ICPAK |
| 14 | 1 | State Corporations Advisory Committee (SCAC) Induction Program | (ICS) |
| 15 | 30 | 30 | |

2.4.1.3 Internship Programme

In 2015, the Public Service Commission (PSC) developed an internship policy in 2015 that establishes mechanisms for ensuring that the youth, especially those with relevant qualifications, are offered the opportunity to gain practical work experience in public institutions to improve their competitiveness in the job market. In line with this policy, BRS offered 43 opportunities to the youth consisting of 8 internship and 35 attachment opportunities. The cohort consisted of 27 female youths and 16 male youths representing 62.8% to 37.2% female male students, respectively.

The 8 internship opportunities were seconded by PSC to the Service and were attached to the ICT, Official Receiver, legal compliance and research, corporate planning and human resource and administration department. Further, the Service offered 35 attachment opportunities, to students doing their degree courses. These were attached to the following departments

Table 2:18 Internship & Attachment program

| Department | NO |
|-----------------------------------|----|
| Companies Registry | 2 |
| Corporate Communication | 5 |
| Corporate Planning | 4 |
| Corporate Communication | 1 |
| Finance and Accounts | 4 |
| HR & Administration Depart. | 2 |
| ICT | 15 |
| Legal Services Division | 2 |
| Total Attachment Opportunities | 35 |
| Public Service Commission | 8 |
| Total Youth Opportunities Offered | 43 |

2.4.1.4 Employee Welfare

The Service continues to provide employee welfare schemes as per the approved human-reported policy., The welfare schemes approved include the Staff Medical Scheme, Group Personal Accidents (GPA) Cover, Group Life and a defined Retirement Benefit Scheme for employees who qualify as per the terms of employment. The Service pays gratuity for employees on contract as per their terms of employment.

2.4.1.5 Health and Safety in the Workplace

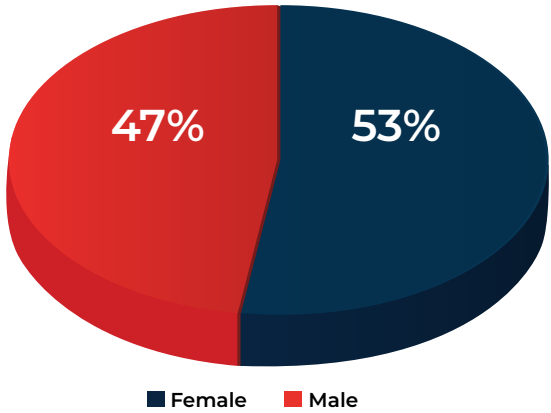
During the year, the OSHA committee has been on the forefront to spearhead safety in the workplace. BRS OSHA committee continues to operate with

its membership drawn across these seven departments to support creating awareness and assist in times of any disaster at the workplace. We were able to renew our workplace DOSH certificate. During the year the hose reel and fire extinguishers were serviced to enhance preparedness to fire disaster.

2.4.1.6 Gender of the Staff

During the FY 2023/24, the Service had 108 staff in post consisting of 57 and 51 female and male staff members, respectively. The proportion of male staff members to total staff establishment was 47% compared to 53% of the female staff members.

Figure 2:8 Gender of the staff



2.4.1.7 Ethnic Diversity

BRS had a total of 18 ethnic tribes represented within the Service during the FY 2023/24. The most populous ethnic groups included Kikuyu (28.7%), Luo (13.0%), Kisii (10.2%), Luhya (10.2%) and Kalenjin (9.3%). The least populous ethnic groups included Samburu, Gureeh, Bajun, Burji and Pokot Masai as shown in the table.

Table 2:17 Capacity Building and Training

| S/N | Ethnicity | N | Percentage |
|-----|--------------------|------------|-------------|
| 1 | Kikuyu | 31 | 28.7% |
| 2 | Luo | 14 | 13.0% |
| 3 | Kisii | 11 | 10.2% |
| 4 | Luhya | 11 | 10.2% |
| 5 | Kalenjin | 10 | 9.3% |
| 6 | Kamba | 7 | 6.5% |
| 7 | Meru | 6 | 5.6% |
| 8 | Taita | 3 | 2.8% |
| 9 | Teso | 3 | 2.8% |
| 10 | Mbere | 2 | 1.9% |
| 11 | Miji Kenda | 2 | 1.9% |
| 12 | Embu | 2 | 1.9% |
| 13 | Samburu | 1 | 0.9% |
| 14 | Gureeh | 1 | 0.9% |
| 15 | Bajun | 1 | 0.9% |
| 16 | Burji | 1 | 0.9% |
| 17 | Pokot | 1 | 0.9% |
| 18 | Masai | 1 | 0.9% |
| | Grand Total | 108 | 100% |

2.4.1.8 Employee Satisfaction and Work Environment Survey

During the FY 2023/24, the Service conducted the employee and work environment satisfaction surveys. In line with the strategic plan where employee satisfaction and work satisfaction were identified as key information for decision making. The survey undertook a joint employee and work environment survey to establish the satisfaction of the employee. The survey established an overall job satisfaction rating of 52.5% which was a decline from the rating registered in FY 2022/23 of 61.3%. The findings on employee job satisfaction were done across several job aspects including supervision, workload, participation in decision-making, remuneration and benefits, recognition, rewards and sanctions, capacity building, career growth and interpersonal skills.

Similarly, the overall satisfaction with the work environment decreased from 68.1% in FY 2022/23 to 66.7% in FY 2023/24. This considered several aspects of the work environment such as health and safety, pollution, ambiance, facilities, and stress at the workplace.

2.4.2 Office Administration and Physical Infrastructure

During the year under review, the Service established a central filing unit along Mombasa Road. The records stored included the surplus from Sheria House and other sources such as Taylor Mover's storage. The central unit will enable the Service have a unified record-keeping off-site for ease and efficient

management of records outside BRS premises. The Service continues to provide other office maintenance services such as coordinating with building management for maintenance, repairs, and cleaning services to keep the office in good condition, handling correspondences, organizing, storing, and managing files, both physical and digital, monitoring employee attendance, and maintaining accurate records. Repairs were done on the biometric system to enhance access to the office, managing client inquiries and identifying opportunities to improve office procedures, reduce costs, and enhance efficiency.

2.4.3 Financial Resource Mobilization, Utilization and Revenue Collection

2.4.3.1 Reporting and Preparation of Financial Statements

During the FY 2023/24, the Service prepared quarterly reports to the National Treasury on budgetary expenditures as well as Annual Financial statements for the FY 2023/24. The Service prepared three financial statements: the Main BRS operations, Revenue statements, and Official Receiver statements in line with Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporation Act which require the Board of Directors to prepare financial statements in respect of State Agencies they oversight.

2.4.3.1.1 MTEF Budget Process and Resource Bidding

During the year under review, BRS participated in the production of Program Performance Review (PPR), Program Based Budget (PBB) Report and the Sub-Sector Reports for the State Law Office. The Service participated in the sector budget preparation and was able to be allocated Kshs 484.3 million for the FY 2024/25 which is an increment of Ksh 14 million from 470.3 million allocated in FY 2023/24, a 2.98 percent increase.

2.4.3.1.2 Revenue Collection

Section 4 (f) of the BRS Act 2015, mandates the Service to charge fees for services rendered. This in turn generates revenues for the National government. During FY 2023/24, the Service collected a total of Kshs 1.18 billion which was an increase of Kshs 30.0 million from Kshs 1.15 billion generated in FY 2022/23.

Table 2:20 Revenue Collection

| Registry | 1st | 2nd | 3rd | 4th | Grand Total |
|----------------------|-------------|-------------|-------------|-------------|---------------|
| Company Registry | 309,845,958 | 254,424,826 | 315,655,619 | 281,628,593 | 1,161,554,996 |
| Hire Purchase | 250,000 | 250,000 | 1,100,000 | 200,000 | 2,700,000 |
| Official Receiver | 394,700 | 394,700 | 568,600 | 2,071,252 | 4,291,210 |
| MPSR | 3,121,000 | 3,121,000 | 2,625,500 | 2,618,000 | 11,476,000 |
| Trusts | | | | 20,500 | 20,500 |
| Other Income-Payroll | 35,287 | 35,287 | 32,194 | 32,434 | 132,972 |
| Total BRS revenue | 313,646,945 | 313,646,945 | 319,981,913 | 286,570,779 | 1,180,175,678 |

2.4.4 Supply Chain Management

2.4.4.1 Tenders Awarded

During the year under review, the supply chain unit awarded 82 tenders to procure goods and services for BRS worth Kshs 83.9 million. Further, BRS complied with all provisions and asset disposal processes as outlined in the Public Procurement & Asset Disposal Act, 2015 (PPAD). The Service settled all contracts within the year under review and did not have any pending bill as of 30th June 2024.

2.4.4.2 AGPO

Access to Government Procurement Opportunities (AGPO) initiative for women, youth and persons living with disabilities was operationalized by the Public Procurement and Disposal Act 2005. The affirmative action program was launched on 16th October 2013 to facilitate the legal requirement for disadvantaged groups to access 30% of all public tenders. Since then, all public entities are required to adhere to its provisions. During the FY 2023/24, the Service awarded a total of Kshs 36.7 million to AGPO group representing 43.7% of the procurement budget.

2.4.4.3 Promotion of Local Goods and Services (BKBK)

During FY 2023/24, the Service procured locally made goods and services worth Kshs 83.9 million in line with the presidential campaign on promotion of local industries, merchants, and enterprises. The Service continually reminded staff members to put on locally-made staff attire on Fridays.

2.4.4.4 Asset Management & Valuation

The Service continually updated all the assets available and at the end of FY 2023/24, the total value of assets was valued at Kshs 69.9 million slightly lower than the value of assets at the end of June of FY 2022/23 of Kshs 74.1 million. The Service did not dispose of any assets during the period under review.

2.4.5.2 Environmental, social, and corporate governance (ESG)

As part of the ESG activities, BRS aimed at restoring ecological integrity and functioning of ecosystems and strengthening communities' resilience to climate change. The Service

participated in the National Tree Growing and Restoration Campaign aimed at growing 15 billion trees to restore 10.6 million hectares by 2032.

During the FY 2023/24, BRS participated in five tree-growing initiatives where more than 3240 trees were planted. During the year, BRS was assisted by Kenya Forest Service where it participated in rehabilitating 2 Ha in Ngong Road Forest, Nairobi County where a total of 2200 trees were planted.

BRS joined stakeholders during the National Tree Growing day on 13th November 2023 at the Bomas Beat Forest and planted 1100 seedlings on 1 hectare and an additional 1200 seedlings planted on 24th May 2024 at the Bomas Beat Forest.

Furthermore, BRS joined and partnered with the Office of Attorney General and Justice on Friday, 10th & Monday, 13th May, and Monday, 10th June 2024 at Kona Baridi where fifteen members of staff participated in the exercise across the above-mentioned dates.

Tree Planting





BRS Community joined people from all walks of life in a tree planting exercise at Bomas Beat in Langata, Nairobi County. In undertaking this noble initiative, BRS was led by the Director General, Kenneth Gathuma

2.4.6 Research, Planning and Monitoring & Evaluation

2.4.6.1 Implementation of the Strategic Plan

During FY 2023/24, the Service implemented 16.0% of the planned activities for the year in line with the strategic plan. The implementation of the activities was weighted and the monthly execution tracked. The implementation over the months is shown in the figure. The activities in the strategic plan and those in the performance

contract were executed at a cost of Kshs 472.6 million. A number of activities were not executed during the year as planned. For instance, a total of 36 activities could not be undertaken in the current year due to a lack of resources as the Service was experiencing a funding deficit of close to 317.46 million. Further, the smooth planning and execution of planned activities were greatly disrupted by the change in budget disbursement from a quarterly approach to monthly trenches which were inconsistent and unpredictable. As a result, some of the activities were not implemented in time.

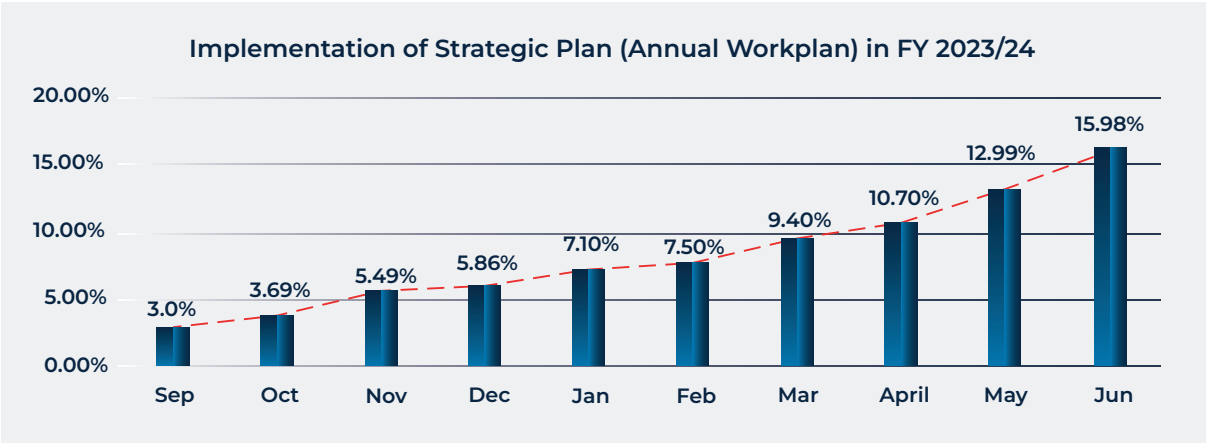


Figure 2:9 Implementation of Strategic Plan (Annual Workplan) in FY 2023/24

Cumulatively, the Service had implemented 48.3% of the strategy by the end of June which was the 3rd year of strategy implementation. The expected performance by the end of the 3rd year was 60% giving a deficit of 11.7% as shown in table 2.21

| SFA | Projected Performance for 5 years | Projected Performance up to 3rd year | Actual up to date | Variance |
|--|-----------------------------------|--------------------------------------|-------------------|----------|
| Ease of doing Business | 30.50% | 18.3% | 14.93% | -3.37% |
| Service delivery, corporate image and collaborations | 13.00% | 7.8% | 5.86% | -1.94% |
| Institutional Capacity | 56.50% | 33.9% | 27.51% | -6.39% |
| Total | 100.00% | 60.0% | 48.30% | -11.70% |

The implementation of the strategic plan by the end of FY 2023/24 over the quarters is shown in Figure 2.10 The trend in implementation of the strategic plan over the quarters since its inauguration in 2021 shows progressive execution of the plan over the years.

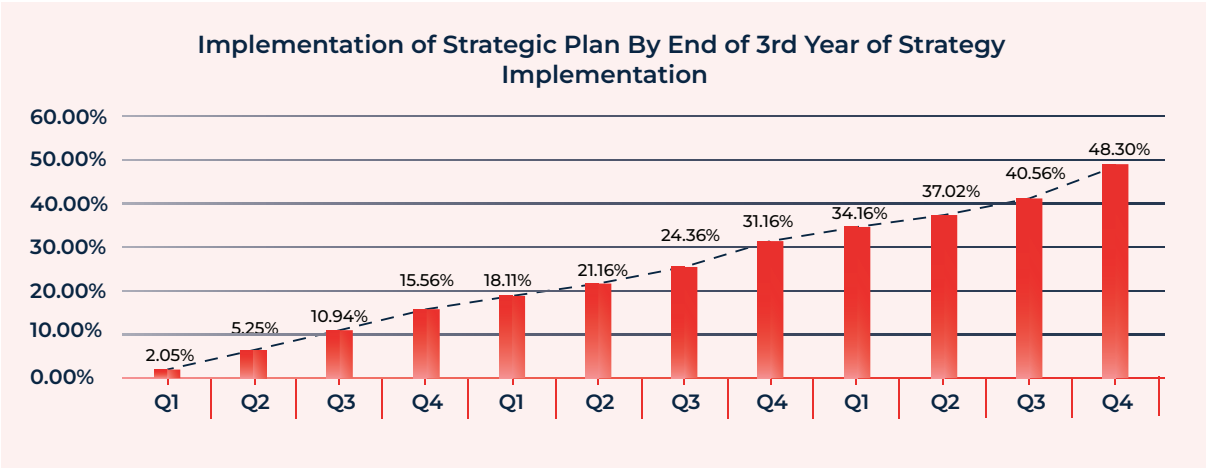


Figure 2:10 Implementation of Strategic Plan By End of 3rd Year of Strategy Implementation

2.4.6.2 Development of BRS Strategic Plan

During the FY 2023/24, the government introduced revised guidelines for the development of the 5th generation strategic plans. To align the planning framework with the Bottoms-Up Economic Transformation Agenda (BETA) and the Medium-Term Plan IV. (MTPIV), the 20th Cycle PC guidelines required all MDAs to review their strategic plans and align them with BETA, MTP IV, and other national government priorities. The Service developed a strategic planning framework to guide the review and development of the strategic plan. A Strategic Plan Technical Committee was formed to spearhead the process and the members were sensitized on the revised guidelines.

The committee through the guidance of the resource persons from the State Department for Planning developed a draft strategic plan. The

Draft Plan was prepared and a joint workshop for the management and Board held between 13th to 14th February 2024 where the Board gave their input on the document. The management improved the document based on the input from the Board and has prepared Draft Strategic Plan. A stakeholder validation workshop was held on 17th March and the document submitted to planning for review. The plan was later approved by the Board for implementation.

The BRS Strategic Plan will guide the implementation of projects and programmes for the period between 2023/24 and 2027/28 Financial Years and build on the gains made in the ease of doing business reforms. The Plan is set to provide a road map and strategic direction for BRS based on the existing resources and capabilities to facilitate the achievement of its mandate and responsibilities.



BRS convened a strategic plan stakeholder validation meeting in Nairobi. The meeting is in line with the National Treasury and Economic Planning revised guidelines for preparation of the Fifth-Generation Strategic Plans, 2023-2027.

2.4.6.3 Provision of Statistical Support

During the FY 2023/24, the Service undertook 5 major surveys aimed at soliciting information from the staff members, stakeholders, and the public to enhance decision-making through evidence. The Service undertook various surveys such as medical survey of 2022, Customer Satisfaction survey, employee satisfaction survey, work environment survey and ICT user survey.

2.4.6.4 Implementation of Performance Contract

During the period under review, the Service implemented its 4th Performance Contract for the FY 2023/24 in line with the 20th cycle guidelines. Based on its self-assessment, Service had implemented a cumulative proportion of 97.09% of the commitments by the end of June 2024. The service is awaiting evaluation of the commitments undertaken by PSMU to be done later in the year 2024. The performance evaluation indicated that the Service had a composite score of 2.9268 (Very Good) compared to FY 2022/23. That scored 3.12

2.4.7 Audit Function

During the FY 2023/24, the Internal Audit Function concluded 4 risk-based audit exercises namely; Financial Statement Review, Asset Verification and Review (Official Receiver), PAYROLL

Management Audit and Revenue Collection Audit. The audit reports were shared with the Board for their oversight on the adequacy and effectiveness of governance, risk management and internal processes. The function also played a pivotal role in the preparation of governance policy and procedures manuals to ensure effective internal controls.

2.4.8 Leveraging on ICT in Provision of Services

During the FY 2023/24, the Service launched its enhanced registration system (BRS v2) on a phased go-live and parallel implementation strategy (BRS v1) to eliminate service interruptions. During the same period, the Service also developed a bulk search API wallet for financial institutions and KYCs to facilitate the conduct of bulk searches at a fee. It is however worth noting that the wallet is not operational yes as the Service is still firming up its relationship through a contract process with the developer of the solution KONZA Technopolis development authority. The Service also introduced a Queue Management System to streamline the customer service processes at our various counters in the BRS banking hall. The ICT directorate also conducted an ICT survey with assistance from the Corporate Planning Unit. The ICT Staff satisfaction with ICT services and experience was at 70% which was a 3.5% decrease compared to FY 2022/23 satisfaction of 73.5%.



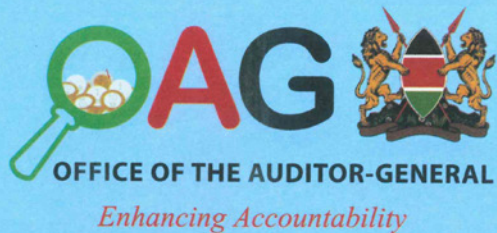


CHAPTER THREE

FINANCIAL STATEMENTS
ACHIEVEMENTS FOR THE
FY 2023/24



REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

BUSINESS REGISTRATION SERVICE

FOR THE YEAR ENDED
30 JUNE, 2024

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON BUSINESS REGISTRATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such Services are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Business Registration Service set out on pages 1 to 38 which comprise of the statement of financial position as at

Report of the Auditor-General on Business Registration Service for the year ended 30 June, 2024

30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Business Registration Service as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the 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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Information

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

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

Report of the Auditor-General on Business Registration Service for the year ended 30 June, 2024

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

As reported previously, review of records revealed that the Business Registration Service did not submit compliance reports for approval to the State Corporations Advisory Committee (SCAC) as guided by the Office of the President Circular Ref. OP/CAB.9/1A dated 11 March, 2020. The Circular requires all State Corporations to file with SCAC their Human Resource Compliance Reports, including payroll reports for all cadres of staff and other stated Human Resource Instruments for approval by 31 July of each year.

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

2. Irregular Extension of Contract for Comprehensive Medical Insurance Cover

Note 8 to the financial statements reflects Kshs.289,599,272 in respect to employee cost. The expenditure includes an amount of Kshs.24,649,205 in respect to employer contribution to health insurance. However, review of records indicates that a contract for Corporate Medical Insurance Cover for the year 2022-2024 was signed on 31 October, 2022 with a commencement date of 1 November, 2022 and expiring on 31 October, 2024 at a cost of Kshs.22,699,462. On the expiry of the contract on 31 October, 2024, the Service prepared an addendum to the contract to include a renewal of the contract for one year, commencing 1 November, 2024 to 1 November, 2025 at an enhanced cost of Ksh.24,975,028. The increments of Kshs.2,275,566 was not explained nor justified.

In the circumstances, the regularity of the insurance expenditure of Kshs.24,975,028 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Report of the Auditor-General on Business Registration Service for the year ended 30 June, 2024

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

Conclusion

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

Basis for Conclusion

1. Understaffing of the Service

As previously reported, review of the staff establishment as at 30 June, 2024 revealed that, the Business Registration Service had one hundred and thirteen (113) employees out of the recommended staff establishment of one hundred and sixty-two (162) resulting in an understaffing of forty-nine (49) staff or 30% of the approved establishment. The BRS Management did not have a recruitment plan or budget to address the staffing deficit.

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

2. Weak Controls Over Imprest Management

Review of imprest register maintained by Management revealed that the register did not contain key information such as miscellaneous receipt (MR) number for cash surrenders, voucher numbers for bill surrenders, outstanding balances, records of recovery from salary and date of surrender. Further, imprest warrants amounting to Kshs.1,200,000 were not signed by the imprest holders and certified by the respective heads of departments.

In the circumstances, it was not possible to confirm the effectiveness of the imprest management system.

3. Failure to Open County Offices

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

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

Report of the Auditor-General on Business Registration Service for the year ended 30 June, 2024

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

Report of the Auditor-General on Business Registration Service for the year ended 30 June, 2024

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 December, 2024

3 FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

| | Notes | 2023-2024 | 2022-2023 |
|---|-------|-------------|--------------|
| Revenue from non-exchange transactions | | | |
| Transfers from other governments entities | 6 | 470,350,000 | 420,350,000 |
| | | 470,350,000 | 420,350,000 |
| Expenses | | | |
| Use of goods and services | 7 | 151,751,494 | 101,080,026 |
| Employee costs | 8 | 289,823,272 | 276,230,954 |
| Board Expenses | 9 | 8,020,619 | 4,766,600 |
| Depreciation and amortization expense | 10 | 14,322,801 | 15,869,016 |
| Repairs and maintenance | 11 | 7,108,379 | 45,016,525 |
| Grants and subsidies | 12 | 1,164,650 | 377,610 |
| Total expenses | | 472,191,215 | 443,340,731 |
| Surplus/(deficit) for the period/year | | (1,841,215) | (22,990,731) |

The notes set out on pages 6-35 form an integral part of these Financial Statements

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


.....
Director General
Kenneth Gathuma HSC


.....
Deputy Dir. F&A
CPA Erastus Mbalu
ICPAK Member NO.
6469


.....
Chairperson
Ms. Emily Mworira
Human Resource and Finance
Committee of the Board Business
Registration Service

Date...19th December 2024.....


Date...4th December 2024.....

Date...18th December 2024.....

3.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

| | Notes | 2023-2024 | 2022-2023 |
|---|-------|--------------------|--------------------|
| | | Ksh | Ksh |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 13 | 80,601,277 | 70,042,586 |
| Inventories | 15 | 3,175,002 | 4,306,366 |
| Receivables from Exchange Transactions | 16 | 11,881,068 | 8,895,200 |
| Total Current Assets | 13 | 95,657,347 | 83,244,152 |
| Non-Current Assets | | | |
| Current Assets | | | |
| Property, Plant and Equipment | 17 | 64,906,100 | 67,788,948 |
| Intangible Assets | 18 | 5,001,953 | 6,325,688 |
| Total Non- Current Assets | | 69,908,053 | 74,114,636 |
| Total Assets (A) | | 165,565,400 | 157,358,788 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | | 0 | 0 |
| Current Provision | 19 | 1,560,523 | 1,560,523 |
| Total Current Liabilities | | 1,560,523 | 74,114,636 |
| Non-Current Liabilities | | | |
| Non-Current Employee Benefit Obligation | | 75,699,435 | 65,651,608 |
| Total Non- Current Liabilities | 20 | 75,699,435 | 65,651,608 |
| Total Liabilities(B) | 20 | 77,259,958 | 67,212,131 |
| Net Assets (A-B) | | 88,305,442 | 90,146,657 |
| Represented by | | | |
| Reserves | 20 | 90,146,657 | 113,137,388 |
| Accumulated Surplus/(Deficit) | | (1,841,215) | (22,990,731) |
| Total Net Assets | 22 | 88,305,442 | 90,146,657 |
| Total Net Assets and Liabilities | | 165,565,400 | 157,358,788 |

The Financial Statements set out on pages 67 to 73 were signed on behalf of the Board of Directors by-


 Director General
Kenneth Gathuma HSC


 Deputy Dir. F&A
CPA Erastus Mbalu
 ICPAK Member NO.
6469


 Chairperson
Ms. Emily Mworja
 Human Resource and Finance
 Committee of the Board Business
 Registration Service

Date 19th December 2024

Date 4th December 2024

Date 18th December 2024

3.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED JUNE 30TH, 2024

| Description | Capital Reserve | Retained earnings | Total |
|--|-----------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs |
| Balance as at July 1, 2022 | | 113,137,388 | 113,137,388 |
| Surplus/Deficit for the period | 113,137,388 | (22,990,731) | (22,990,731) |
| Transfer of excess depreciation on revaluation | | | |
| As at June 30th, 2023 | | 90,146,657 | 90,146,657 |
| Balance as at July 1st, 2023 | | 90,146,657 | 90,146,657 |
| Surplus/Deficit for the period | | (1,841,215) | (1,841,215) |
| Transfer of excess depreciation on revaluation | | 113,137,388 | 113,137,388 |
| As At June 30th, 2024 | 113,137,388 | 88,305,442 | 88,305,442 |

3.4 STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30TH,2024

| | Notes | 2023-2024 Kshs | 2022-2023 Kshs |
|---|-------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other governments entities | 6 | 470,350,000 | 420,350,000 |
| Total receipts | | | |
| Payments | | | |
| Use of goods and services | 7 | 151,751,494 | 101,080,026 |
| Employee costs | 8 | 289,823,272 | 276,230,954 |
| Board Expenses | 9 | 8,020,619 | 4,766,600 |
| Repairs and maintenance | 11 | 7,108,379 | 45,016,525 |
| Grants and subsidies | 12 | 1,164,650 | 377,610 |
| Total payments | | 457,868,414 | 427,471,715 |
| Cash Flows from Operating Activities | | 12,481,586 | (7,121,715) |
| Working Capital Adjustments | | | |
| Decrease in Stock | | | 7,318,458 |
| Increase in provisions | | | 19,273,324 |
| Increase in Payables | | | 0 |
| Decrease in Current Receivable | | | 616,897 |
| Total Working Capital Adjustments | | | 27,208,679 |
| Net Cash Flows from Operating Activities | 22 | 20,674,909 | 20,086,964 |
| Cash flows from investing activities | | | |
| Purchase of PPE and Intangible assets | | (10,116,218) | (17,721,761) |
| Net cash flows from/ (used in) investing activities | | (10,116,218) | (17,721,761) |
| Net increase/(decrease) in cash & Cash equivalents | | 10,558,691 | 2,365,203 |
| Cash and cash equivalents at 1 July, 2023 | 13 | 70,042,586 | 67,677,383 |
| Cash and cash equivalents at 30th June,2024 | 13 | 80,601,277 | 70,042,586 |

Business Registration Service has used the direct method of cash flow presentation as prescribed by PSASB in the current year

3.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30TH JUNE, 2024

| | Original Budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---|-----------------|-------------|--------------|----------------------------|------------------------|------------------|
| | | | Kshs | Kshs | Kshs | |
| Cash flows from | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Transfers from Other Governments entities | 470,350,000 | 0 | 470,350,000 | 470,350,000 | 0 | 100% |
| Total Income | 470,350,000 | 0 | 470,350,000 | 470,350,000 | 0 | 100% |
| Expenses | | | | | | |
| Use of Goods and Services | 151,982,015 | 0 | 151,982,015 | 151,751,494 | 230,521 | 99.85% |
| Employee costs | 151,982,015 | 0 | 151,982,015 | 151,751,494 | 230,521 | 99.85% |
| Remuneration of Directors | 8,231,000 | 0 | 8,231,000 | 8,020,619 | 210,381 | 97.44% |
| Repairs and Maintenance | 7,220,000 | 0 | 7,220,000 | 7,108,379 | 111,621 | 98.45% |
| Grants and Subsidies | 1,165,000 | 0 | 1,165,000 | 1,164,650 | 350 | 99.97% |
| Total Expenditure | 460,233,000 | 0 | 460,233,000 | 457,868,414 | 2,364,586 | |
| Surplus for the period | | | | 12,481,586 | | |
| Capital Expenditure | 10,117,000 | 0 | 10,117,000 | 10,116,218 | 782 | 99.99% |

| Reconciliation and Amounts | Amount (Kshs) |
|--|---------------|
| Surplus as per the Budget Comparison | 12,481,586 |
| Depreciation for the year | (14,322,801) |
| Surplus as per the financial performance | (1,841,215) |

1. Notes to the Financial Statements

1. General Information

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

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

1. Notes to the Financial Statements

The financial statements of the Business Registration Service have been prepared on a historical cost basis, with exceptions for the revaluation of certain items of property, plant, and equipment at fair value, the measurement of impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS)

allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Business Registration Service accounting policies.

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

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

3. Adoption of New and Revised Standards

- i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2024.***

There were no new and amended standards issued in the financial year
- ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.***

| Standard | Effective Date and Impact: |
|----------|---|
| IPSAS 43 | <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The adoption of the new standard will have a significant impact on the Service's financial statements, as the Service is currently operating under a leasing agreement for its current premises.</i></p> |

| | |
|---|--|
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance</p> |
| IPSAS 45- Property Plant and Equipment | <p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The Service will prepare its Financial statements in conformity with IPSAS 45</i></p> |
| IPSAS 46 Measurement | <p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance |

| Standard | Effective Date and Impact: |
|------------------------------------|--|
| IPSAS 46 Measurement | <p>consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47- Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48- Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49- Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial</p> |

| Standard | Effective Date and Impact: |
|------------------------------------|--|
| IPSAS 49- Retirement Benefit Plans | <p>statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

Business Registration Service did not early – adopt any new or amended standards in year 2023/2024.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

i) Revenue from non-exchange transactions

Rendering of services

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

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

Sale of goods

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

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly in June 2023 and there were no Subsequent revisions and additional appropriations made to the approved budget.

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and

Summary of Significant Accounting Policies (Continued)

the actual as per the statement of financial performance has been presented under page 6 these financial statements.

c) Property, plant and equipment

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

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

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Service recognizes such parts as individual assets with specific useful lives and depreciates

them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

| Item | Depreciation Method | Average Useful Life |
|------------------------|---------------------|---------------------|
| Furniture and fixtures | Reducing balance | 8 Years |
| Motor Vehicles | Reducing balance | 4 Years |

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Service assesses at each reporting date whether there is any indication that the Service' expectation about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Service revises the expected useful life and/or residual value accordingly.

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

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

d) Intangible assets

An intangible asset is recognized as an asset when;

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

Intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

| Item | Depreciation | Useful life |
|----------|------------------|-------------|
| Software | Reducing Balance | 3 years |

a) Inventories

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

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

- i) Raw materials: purchase cost using the weighted average cost method
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at

No charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

Net realizable value is the estimated selling price in the ordinary course of operations, less the

estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

b) Provisions

Provisions are recognized when;

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Contingent liabilities

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

d) Contingent assets

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

Contingent assets are assessed continually to ensure that developments are appropriately

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

e) Changes in Accounting policies and estimates

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

f) Employee benefits

Retirement benefit plans

Business Registration Service provides retirement benefits for its permanent and pensionable employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed

Summary of Significant Accounting Policies (Continued)

contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

g) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Related parties

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

h) 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.

i) Comparative figures

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

j) Subsequent events

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

Summary of Significant Accounting Policies (Continued)

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

Provisions

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

Notes to the Financial Statements (Continued)

Depreciation and Amortization

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

| Name of the Entity sending the grant | Amount recognized to Statement of Financial Performance Kshs | Amount recognized in capital fund. Kshs | Total grant income during the period Kshs | 2022-2023 Kshs |
|--|--|---|---|----------------|
| State Law Office and Department of Justice | 470,350,000 | | 470,350,000 | 420,350,000 |
| Total | 470,350,000 | | 470,350,000 | 420,350,000 |

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

Notes to the Financial Statements (Continued)

7. Use Of Goods and Services

| Description | 2023-2024 | 2022-2023 |
|---|------------|------------|
| | Kshs | Kshs |
| Water | 418,261 | 431,775 |
| Electricity | 2,044,980 | 1,040,289 |
| Subscriptions | 635,081 | 772,930 |
| Conferences and delegations | 5,079,481 | 2,554,980 |
| Hospitality | 1,856,654 | 1,828,657 |
| Rent and Rates/Storage facilities | 66,911,756 | 66,187,442 |
| Fuel and oil | 166,000 | 134,887 |
| Consultancy fees | 3,455,360 | 4,644,600 |
| Contracted Guards and Cleaning Services | 5,706,750 | 4,142,700 |
| Printing and publishing | 4,532,868 | 9,660,178 |
| Purchase of Uniform and clothing | 0 | 200,000 |
| Telephone and mobile services | 1,716,000 | 1,227,000 |
| Licensing fees for communication | 4,059,142 | 2,083,567 |
| Training | 25,028,748 | 3,032,580 |
| Trade Shows | 463,000 | 0 |

| Description | 2023-2024 | 2022-2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Newspapers and periodicals | 0 | 42,048 |
| Internet Connections | 1,503,360 | 1,382,350 |
| Bank charges | 586,697 | 427,840 |
| Fumigation (Sanitary & cleaning services) | 436,377 | 979,838 |
| Total general expenses | 151,751,494 | 101,080,026 |

- Electricity costs has increased in the economy, leading to higher expenses in that category.
- The advertising expenditure consists of the cost of promotional items procured for the Nairobi Trade Show and Customer Service Week. Additionally, BRS conducted roadshows across all major towns in Kenya which led to an increased expenditure under that item.
- The Conference costs increased as compared to the comparative period due to increased engagement by the service.
- Fuel costs have increased in the period under review due to the roadshows conducted by the Service.
- The cost of contracted guards and cleaning services has increased because The Company's registry has fully relocated to the new office premises, resulting in a larger cleaning area and a higher number of security guards deployed.
- The total printing and publishing expense includes Kshs. 564,049 publishing expense. Additionally, it encompasses the costs associated with general office supplies and computer accessories utilized during the year as guided by the accrual concept.
- In the period under review, telecommunication costs increased because staff airtime was procured for two quarters, unlike the comparative period where airtime was only procured for one quarter.
- The increase in licensing fees for communication was due to BRS procuring licenses for the call centre and the biometrics register. Additionally, the costs include the corporate website maintenance fee, provision of cloud services, and the pro-rated cost of Convene.
- BRS has trained almost 100% of its staff members on different skills and courses. The officers acquired skills such as proper handling customers, and coping with the enhanced BRS system. Others in technical

attended CPD events to keep them informed about emerging issues in their careers. Also included in this expense is the cost of Sensitizing Judges on Insolvency Laws.

BRS Participated in the Nairobi International Trade fair hence the amount expensed in the Trade show vote.

| | 2023-2024 | 2022-2023 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries and wages | 289,823,272 | 150,489,125 |
| Travel, motor car, accommodation, subsistence and other allowances | 19,065,390 | 10,636,239 |
| Housing benefits and other allowances | 47,602,859 | 50,959,919 |
| Provision for Gratuity | 22,950,029 | 24,137,303 |
| Overtime payments | 0 | 0 |
| Interns | 2,460,000 | 0 |
| Employer contribution to Staff Pension Schemes | 14,795,530 | 14,268,717 |
| Social Contributions NSSF | 2,518,627 | 735,400 |
| Employer Contribution to NITA | 65,300 | 0 |
| Employer contribution to health insurance | 24,649,205 | 23,519,464 |
| Other insurance costs (WIBA) | 2,192,139 | 1,194,987 |
| Group Life Insurance | 2,823,333 | 0 |
| Employers Contribution to Housing Levy | 2,075,280 | 0 |
| Acting Allowances | 253,260 | 289,800 |
| Employee costs | 289,823,272 | 276,230,954 |

In the period ended 30th June,2024 BRS had engaged employees on short term employment to assist in the Company Registry. Social contributions increased due to the government's directives on increased contribution to the NSSF kitty.

Travel and accommodation allowances have increased due to greater staff involvement in activities such as the strategic plan development exercise and the creation of the productivity

matrix for the service. Additionally, BRS staff have been facilitated to attend international multilateral peer exchange programs leading to expenditure under foreign travel vote.

BRS has acquired group personal insurance for employees, which was not in place during the comparative period.

BRS has also complied with the Governments directive on the Housing levy which was introduced in the Financial Year under the review.

9. Remuneration of Directors

Summary of Significant Accounting Policies (Continued)

| Description | 2023-2024 | 2022-2023 |
|----------------------------------|------------------|------------------|
| | | Kshs |
| Chairperson's Honoraria | 960,000 | 960,000 |
| Sitting Allowances | 2,960,000 | 2,840,000 |
| Travel and accommodation | 1,286,231 | 515,948 |
| Induction and Training | 2,814,388 | 450,652 |
| Total director emoluments | 8,020,619 | 4,766,600 |

- In the period under review, board trainings were conducted as well induction course for the newly appointed Board members leading to an increased expenditure on the vote.
- The Board has been engaged in various activities in the current period, such as strategic plan development training and recruitment exercises, resulting in increased costs for sitting allowances, travel, and accommodation expenses.

10. Depreciation and Amortization Expense

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | | Kshs |
| Property, plant and equipment | 10,799,066 | 12,363,910 |
| Intangible Assets | 3,523,735 | 3,505,106 |
| Total depreciation and amortization | 14,322,801 | 15,869,016 |

- BRS has acquired computer accessories, a queue management system, and bulk
- filers to enhance operational efficiency resulting to increased amount on the item

Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

| Description | 2023-2024 | 2022-2023 |
|--------------------------------------|------------------|-------------------|
| | | Kshs |
| Furniture and fittings | 83,950 | 745,500 |
| Computers and accessories | 694,011 | 30,000 |
| Refurbishment of building | 6,330,418 | 44,241,025 |
| Equipment & Machinery | 0 | 0 |
| Vehicles | 0 | 0 |
| Total repairs and maintenance | 7,108,379 | 45,016,525 |

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

12. Grants and Subsidies

| Description | 2023-2024 | 2022-2023 |
|-----------------------------------|------------------|----------------|
| | | Kshs |
| Community development | 1,164,650 | 377,610 |
| Total grants and subsidies | 1,164,650 | 377,610 |

- The increased cost in grants and subsidies is attributable to the President's executive order on tree planting, mandating each staff member to plant a minimum of 30 trees.

13. Cash and Cash Equivalent

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Bank | 80,601,277 | 70,042,586 |
| Total cash and cash equivalents | 80,601,277 | 70,042,586 |

14. Detailed Analysis of The Cash and Cash Equivalent

| | | 2023-2024 | 2022-2023 |
|------------------------|---------------------|-------------------|-------------------|
| Financial Institution | Bank Account number | Kshs | Kshs |
| Current Account | | | |
| Kenya Commercial bank | 1184110735 | 3,341,319 | 2,830,455 |
| Kenya Commercial Bank | 1300691360 | 77,259,958 | 67,212,131 |
| Grand total | Grand total | 80,601,277 | 70,042,586 |

Notes to the Financial Statements (Continued)

15. Inventories

| Description | 2023-2024 | 2022-2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Consumable stores | 3,175,002 | 4,306,366 |
| Total inventories at the lower of cost and net realizable value | 3,175,002 | 4,306,366 |

16. Receivables from Exchange Transactions

| Description | 2023-2024 | 2022-2023 |
|----------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Medical Insurance | 8,184,723 | 7,623,610 |
| Other Insurance Costs (WIBA) | 894,386 | 403,366 |
| Group Life Insurance | 1,411,667 | 0 |
| ICT Licences | 1,390,292 | 868,224 |
| Total current receivables | 11,881,068 | 8,895,200 |

(b) Ageing Analysis for Receivables from Exchange Transactions

| Description | 2023-2024 | | 2022-2023 | |
|--------------------|-------------------|----------------|------------------|------------------|
| | Kshs | | Kshs | |
| | 2023-2024 | % of the total | 2022-2023 | % of the total |
| Less than 1 year | 11,881,068 | 100% | 8,895,200 | 403,366 |
| Between 1- 2 years | | % | 0 | % |
| Between 2-3 years | | % | 0 | % |
| Over 3 years | | % | 0 | % |
| Total (a+b) | 11,881,068 | 100 % | 8,895,200 | 8,895,200 |

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

| | Furniture and fittings | Computers | Office Equipment | Total |
|------------------------------------|------------------------|-------------------|-------------------|--------------------|
| DEPRECIATION PERCENTAGE | 12.5% | 33.3% | 12.5% | |
| Cost | Shs | Shs | Shs | Shs |
| At 1st July 2022 | 60,795,248 | 21,774,308 | 10,018,372 | 92,587,928 |
| Additions | 750,909 | 835,000 | 7,200,000 | 8,785,909 |
| Disposals | | | | |
| Transfers/adjustments | | | | |
| At 30th June 2023 | 61,546,157 | 22,609,308 | 17,218,372 | 101,373,837 |
| Additions | | 5,921,080 | 1,995,138 | 7,916,218 |
| Transfers/adjustments | | | | |
| At 30th June, 2024 | 61,546,157 | 28,530,388 | 19,213,510 | 109,290,055 |
| Depreciation and impairment | | | | |
| At 1 st July 2022 | 7,239,273 | 10,386,372 | 3,595,334 | 21,220,979 |
| Depreciation | (6,780,539) | (3,955,491) | (1,627,880) | (12,363,910) |
| Impairment | | | | |
| At 30th June,2024 | 14,019,812 | 14,341,864 | 5,223,214 | 33,584,889 |
| Depreciation | 5,955,793 | 3,313,095 | 1,530,178 | 10,799,066 |
| Transfer/adjustment | | | | |
| At 30th June,2024 | 19,975,605 | 17,654,958 | 6,753,392 | 44,383,955 |
| Net book values | | | | |
| At 30th June 2023 | 47,526,345 | 8,227,444 | 11,995,158 | 67,788,947 |
| At 30th June,2024 | | 41,570,552 | 12,460,118 | 64,906,100 |

Notes to the Financial Statements (Continued)

18. Intangible Assets

| Description | 2023-2024 | 2022-2023 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Cost | | |
| At the beginning of the year | 6,325,688 | 894,942 |
| Additions: | 2,200,000 | 8,935,852 |
| | 8,525,688 | 9,830,794 |
| At the end of the year | 8,525,688 | 9,830,794 |

18. Intangible Assets

| Description | 2023-2024 | 2022-2023 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Amortization and impairment | | |
| Amortization of the year | 3,523,735 | 3,505,106 |
| At the end of the year | 3,523,735 | 3,505,106 |
| Net Book Value | 5,001,953 | 6,325,688 |

19. Current Provisions

| Description | 2023-2024 | 2022-2023 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Balance at 1st July 2023 | 1,560,523 | 4,265,150 |
| Additional Provisions for the period | 0 | 0 |
| Provision utilized during the period | 0 | (2,704,627) |
| Change due to discount and time value for money | 0 | (0) |
| Transfers from non -current provisions | 0 | 0 |
| Total provisions as at 30th June,2024 | 1,560,523 | 1,560,523 |

20. Employee Benefit Obligation

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

In addition to the NSSF, the Business Registration Service has a separate defined contribution scheme for all permanent and pensionable employees. Under this scheme, employees contribute

10% of their basic salary, while the Service contributes 20%. Employer contributions are recorded as expenses in the statement of financial performance in the period they are incurred.

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

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

Notes to the Financial Statements (Continued)

Staff Gratuity

| Description | Gratuity Benefit | 2023/2024 | 2022/2023 |
|--|------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs |
| Current Benefit Obligation | | 65,651,608 | 0 |
| Current Benefit Obligation | | (12,902,202) | 43,673,657 |
| Benefit Utilized | | 22,950,029 | (2,159,352) |
| Benefit Obligation for the Year | | 2022-2023 | 24,137,303 |
| Total provisions as at 30th June 2024 | | 75,699,435 | 65,651,608 |

21. General Reserve

| | Retained earnings |
|---|-------------------|
| | Kshs |
| Balance as at July 1 st , 2022 | 113,137,388 |
| Surplus/Deficit for the period | (22,990,731) |
| At June 30, 2023 | 90,146,657 |
| Balance as at July 1, 2023 | 90,146,657 |
| Surplus/Deficit for the period | (1,801,215) |
| At June 30, 2024 | 88,305,442 |

Notes to the Financial Statements (Continued)

22. Cash Generated from Operations

| | Notes | 2023-2024 | 2022-2023 |
|---|-------|-------------|--------------|
| | | Kshs | Kshs |
| Surplus for the year before tax | | (1,841,215) | (22,990,731) |
| Add Back Adjusted for: | | | |
| Depreciation for the year | 10 | 14,322,801 | 15,869,016 |
| Prior year depreciation/Adjustments | | | |
| Working Capital Adjustments | | | |
| Increase in Inventory | 15 | 1,131,364 | 7,318,458 |
| Decrease / Increase in Receivables | 16 | (2,985,868) | 616,897 |
| Increase in payables | | | 0 |
| Decrease/ Increase in Provisions | 19/20 | 10,047,827 | 19,273,324 |
| Net cash flow from operating activities | | 20,674,909 | 20,086,964 |

23. Financial Risk Management

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

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

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding. Business Registration Service exposure to credit risk at the end of the financial year is best represented by

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

Notes to the Financial Statements (Continued)

| | 2023-2024 | 2022-2023 |
|--------------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Cash at Bank | 80,601,277 | 70,042,586 |
| Prepaid Medical Insurance | 8,184,723 | 7,623,610 |
| Prepaid Other Insurance Costs (WIBA) | 894,386 | 403,266 |
| Group Life Insurance | 1,411,667 | 0 |
| ICT Licences | 1,390,292 | 868,224 |
| Total | 92,482,345 | 78,937,686 |

b) Liquidity Risk Management

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

Ultimate responsibility for liquidity risk management rests with the Business Registration Service directors, who have built an appropriate liquidity risk management framework for

the management of the service short, medium and long-term funding and liquidity management requirements. Business Registration Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows

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

| Description | Less than 1 month | Between 1-3 Months | Over 5 Months | Total |
|--------------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2024 | | | | |
| Provisions Costs (WIBA) | 0 | 0 | 1,560,523 | 1,560,523 |
| Employee benefit obligation | 0 | 0 | 75,699,435 | 75,699,435 |
| Total | 0 | 0 | 77,259,958 | 77,259,958 |
| As at 30th June (Previous FY) | | | | |
| Provisions | 0 | 0 | 1,560,523 | 1,560,523 |
| Employee benefit obligation | 0 | 0 | 65,651,608 | 65,651,608 |
| Total | 0 | 0 | 67,212,131 | 67,212,131 |

Notes to the Financial Statements (Continued)

24. Related Party Disclosures

Nature of related party relationships

Business Registration service-related party includes

those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the Government, Directors and key management personnel.

| | 2023-2024 | 2022-2023 |
|-----------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Grants from the Government | 894,386 | 403,366 |
| | | |
| Grants from National Govt | 470,350,000 | 420,350,000 |
| Total | 470,350,000 | 420,350,000 |

| | 2023-2024 | 2022-2023 |
|--------------------------------|------------|------------|
| | Kshs | Kshs |
| a) Key management compensation | | |
| Directors' emoluments | 8,020,619 | 4,766,600 |
| Compensation to the CEO | 0 | 0 |
| Compensation to key management | 50,639,700 | 56,623,944 |
| Total | 58,660,319 | 61,390,544 |

25. Contingent Liabilities

| Description | 2023-2024 | 2022-2023 |
|-------------------------------------|------------|-----------|
| | Kshs | Kshs |
| Court Case against BRS: Court award | 25,000,000 | 0 |
| Total | 25,000,000 | 0 |

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

26. Events after the Reporting Period

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

27. 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.

28. Currency

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

2. Appendices

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

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

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---------------------|-----------------------------------|--|
|--|-----------------------------------|---------------------|-----------------------------------|--|

Key Audit Matters

| | | | | |
|--|--|--|--------------|-------------------------|
| | <p>Non- Compliance with the State Corporations Advisory Committee Requirements</p> <p>As reported previously, Audit review of records provided for audit revealed that the Business Registration Service did not submit compliance reports for approval to State Corporations Advisory Committee (SCAC) as guided by the Office of the President Circular Ref. OP/CAB.9/1A of 11th March 2020</p> | Management acknowledges the oversight in failing to provide the reports during the audit process. However, this has since been rectified, and the reports have now been shared with the audit team for their review and consideration. | Not Resolved | To appear in Parliament |
|--|--|--|--------------|-------------------------|

Report on effectiveness of Internal Controls, Risk Management and Governance

| | | | | |
|---|--|---|--------------|-------------------------|
| 1 | <p>Under Staffing of the Service</p> <p>Review of the staff establishment as at 30 June, 2023 revealed that, the Business Registration Services had 102 employees out of the recommended staff establishment of 164 resulting to an understaffing of 62 staff or (38%) of the approved establishments</p> | BRS has not yet reached its full staffing capacity due to budgetary constraints. Recruitment is typically done in phases based on business needs. During the FY 2023-2024, BRS conducted a recruitment exercise, absorbing 13 new staff members. The organization is working towards achieving optimal staff establishment. | Not Resolved | To appear in Parliament |
| 2 | <p>Weak Controls over Imprest Management. Review of imprest register maintained by management revealed that register did not contain key information such as miscellaneous receipt (MR) for cash surrenders, voucher numbers for bill surren</p> | The imprest register initially provided to the auditors was an improvised version and lacked the necessary columns for proper record-keeping. However, this issue has since been addressed, | Not Resolved | To appear in Parliament |

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 2 | ders, outstanding balances, records of recovery from salary and date of surrender. Further imprest warrants amounting to Kshs. 1,200,000 were not signed by the imprest holders and certified by the respective heads of departments | and the register has been updated to include all the required fields to ensure compliance with Accounting Standards. | Not Resolved | To appear in Parliament |
| 3 | <p>Failure to open County Offices;</p> <p>Failure to open County Offices; As previously reported, Audit Review of Business Registration Service (BRS) records on regional offices revealed that operational branches are only in Kisumu and Mombasa Counties. However, strategic plan for the period 2021-2026 did not consider opening of regional offices operations or opening in other Counties in Kenya which is contrary to Section (3) of Business Registration Service Act, 2015.</p> | This is due to budgetary limitations that have impacted the implementation of this requirement. However, BRS has on boarded all its services to the e-citizen enabling the Public to access all of the services online. The BRS draft strategic plan 2023-2027 incorporates the opening of regional offices in other counties | Not Resolved | To appear in Parliament |
| 4 | <p>Weaknesses in Operations of Committees of the Board</p> <p>A review of the Board records revealed that four members of the Board sat in three Committees contrary to section B part (4) of the Management of State Corporation Circular Ref No OP/CAB.9/1A dated March 11, 2020 which stipulates that members can only sit in a maximum of two Committees. Further, five (5) Ad hoc and two (2) Compliance and Risk Committee Board meeting minutes were not provided for audit.</p> | Management acknowledges that during the period under review, some board members served on more than two committee due to their areas of expertise and the limited number of members available to ensure business continuity. This issue has since been resolved, as the board committees were reconstituted through a board resolution dated 19th May 2023. | Not Resolved | To appear in Parliament |


 Sign.....
 Director General

Date: 19th December 2024

Appendix II: Inter-Entity Transfers

| BUSINESS REGISTRATION SERVICE | | | | |
|--|------------------|---------------------|----------------|---|
| Breakdown of Transfers from the State Law Office and Department of Justice | | | | |
| | FY 2023/2024 | | | |
| | | | | |
| | | | | |
| a | Recurrent Grants | | | |
| | Reference number | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
| | 0020060776 | 04/08/2023 | 39,195,833.33 | 2023-2024 |
| | 00200661471 | 04/09/2023 | 39,195,833.33 | 2023-2024 |
| | 0020062046 | 28/09/2023 | 39,195,833.33 | 2023-2024 |
| | 0020062856 | 27/10/2023 | 39,195,833.33 | 2023-2024 |
| | 0020063896 | 29/11/2023 | 39,195,833.33 | 2023-2024 |
| | 0020064619 | 29/12/2023 | 39,195,833.33 | 2023-2024 |
| | 0020065546 | 06/02/2024 | 39,195,833.33 | 2023-2024 |
| | 0020066213 | 07/03/2024 | 39,195,833.33 | 2023-2024 |
| | 0020067170 | 04/04/2024 | 39,195,833.33 | 2023-2024 |
| | 0020067848 | 04/04/2024 | 39,195,833.33 | 2023-2024 |
| | 0020069077 | 07/06/2024 | 39,195,833.33 | 2023-2024 |
| | 0020069847 | 27/06/2024 | 39,195,833.33 | 2023-2024 |
| Total | | | 470,350,000.00 | |

BRS received a total of Kshs. 470,350,000 as Authority to Incur Expenditure (AIE) from the Office of the Attorney General and Department of Justice. Receipt of the money has been acknowledged and reconciliation done.

Deputy Director Finance & Accounts

Head of Accounting Unit

Business Registration Service

Office of the Attorney General

Sign.....

Sign.....

Date: ...4th December 2024...

Date: ...4th December 2024.....

Appendix III: Transfers from Other Government Entities

| Name of the MDA/ Donor Transferring the funds | | | | | Where Recorded/ recognized | | | | |
|--|-------------------------------------|---------------------------------------|--------------------|------------------------------------|-------------------------------|-----------------|-------------|-----------------|---------------------------------|
| | Date received as per bank statement | Nature: Recurrent/ Development/Others | Total Amount - KES | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Others - Grants | Total Transfers during the Year |
| Office of the Attorney General and DOJ | 04/08/2023 | Recurrent | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 04/09/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 28/09/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 27/10/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 29/11/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 29/12/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 06/02/2024 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 07/03/2024 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 04/04/2024 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 29/04/2023 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 07/06/2024 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | 27/06/2024 | | 39,195,833.00 | 39,195,833.00 | | | | | 39,195,833.33 |
| | | | 470,350,000.00 | 470,350,000.00 | | | | | 470,350,000.00 |

CHAPTER FOUR

CHALLENGES AND RECOMMENDATIONS



4 CHALLENGES AND RECOMMENDATIONS

4.1 Challenges

4.1.1 Inadequate Budgetary Allocation

During the reporting period, the Service faced challenges in executing planned activities due to budgetary limitations. Although BRS has made progress in automating its processes, certain procedures remain manual, leading to operational inefficiencies. This includes tasks such as issuing certificates of compliance for bankruptcy and liquidation applications, as well as the application and renewal of Insolvency Practitioners' licenses.

4.1.2 Inadequate ICT Infrastructure

The current ICT infrastructure is insufficient to effectively support digital service delivery, leading to inefficiencies. As a result, services are often slow, require more manual labor, are prone to human error, and involve time-consuming processes, among other challenges.

4.1.3 Inadequate Physical Infrastructure

The current desktops being used by staff in some sections are slow and old which hinders their effectiveness, especially in sections at the company registry.

4.1.4 Inherent Weakness in Legal Framework

BRS administers various Acts in discharging its mandate. Some of the laws implemented by the Service are inconsistent with other laws applied by the business community. Deficiencies and bottlenecks in the regulations. Some Acts have been amended but the regulations have not. The laws also need to be updated to accommodate emerging trends.

4.1.5 Sub-optimal Staffing Levels

The Service remains understaffed despite the growing demand for BRS services in the Official Receiver and Company Registry. This rising demand is driven by Kenya's improving economy and the introduction of supportive financial products, such as SME-focused offerings, which have further increased the need for efficient service delivery.

4.1.6 Centralized Service Points

Although BRS services are mainly online, the Service has a centralized main office at Nairobi and so all physical inquiries are done from the head office. This has been reported as a cause of strain for clients who wish to seek physical services from the office and therefore limits the delivery of services to the public.

4.1.7 Inadequate visibility and awareness of BRS mandate

4.1.8 Low level of compliance with the laws administered by BRS

4.2 Recommendations

4.2.1 Review of the Legal Framework administered by BRS:

The Service is continuously engaging the relevant stakeholders to review pieces of legislation to create a harmonious legal framework and enhance its administration as well as make the environment conducive for business to thrive.

4.2.2 Automation of BRS Processes to Improve Service Delivery

The Service has mapped some of the processes to be automated to improve service delivery. There is need to get resources needed to automate the processes mapped to enhance service delivery.

4.2.3 Invest in ICT Digital Infrastructure For Efficient Service Delivery

Due to technological advancement in the business environment. The needs to buy adequate ICT infrastructure and modern technologies to support service delivery which would in turn enhance the efficiency of service delivery.

4.2.4 Simplify Compliance Processes

The Service as a regular of business registration process and Insolvency practitioners, needs to make it easy to comply. This necessitates review of the compliance obligations of the registration process, a review of the relevant laws and regulations, creating strong linkage with other government actors to ensure a seamless process, withdrawal of unnecessary procure if any, and automation all the compliance processes for quick and convenient of the clients

4.2.5 Promote public awareness of compliance obligations

The Service is aware that majority of Business persons fail to comply due to a lack of knowledge of the compliance obligations such as filling Annual returns, linking processes, and declaring Beneficial Information. A robust sensation of the public is necessary to increase compliance with statutory obligations.

4.2.6 Decentralization of Service Points

To bring services close to the people we serve, BRS should to decentralize service points from the headquarters in Nairobi to other regions. This is expected to shorten the distance of the walk-in clients and ensure they can assess the services within their locality.

5 CONCLUSION

The Service registered remarkable progress in a number of activities in the company's registry, the Movable property security rights and insolvency. The Service recorded a good number of businesses, served a number of customers, initiated new system in the call center and the banking hall, created new partnerships and made some strategic collaborations during the year. Some challenges continue to slow the pace of reforms such as limited resources, inconsistencies in the legal framework, inadequate infrastructure and centralized service points. The Service also got a new mandate on Registration of Trusts. The new mandate is a major undertaking which requires adjustments

in the legal framework and operational setup. Going forward, the Service will seek to implement several initiatives to better services provided to the citizens such as digitalizing the trust registry, improving the number of services in the enhanced business registration system platform V2, reviewing and upgrading the e-collateral registry, mobilize for resources to fund its activities, make the necessary legal changes to suit its operations and make doing business in the country easier. This is expected to increase private sector investment, expand the tax base, facilitate access to credit, increase economic activities through business, and ultimately accelerate economic growth for the Country.



EXECUTIVE OFFICE OF THE PRESIDENT
Directorate of National Cohesion and Values

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Extelcoms House
P.O. Box 62345-00200
NAIROBI, KENYA

Ref: DNC/HRM/2/14

Date: 19th August, 2024

Director General
Business Registration Service
Sheria House
NAIROBI

**RE: SCORE FOR THE NATIONAL VALUES AND PRINCIPLES OF
GOVERNANCE INDICATOR IN THE 2023/24 PERFORMANCE
CONTRACT**

This is to confirm that Business Registration Service achieved a score of **100%** for the National Values and Principles of Governance Indicator as outlined in the 2023/24 performance contract guidelines.

A handwritten signature in blue ink, appearing to read 'Josiah K. Musili'.

Josiah K. Musili, EBS
SECRETARY, NATIONAL COHESION AND VALUES



NATIONAL TRANSPORT AND SAFETY AUTHORITY



Road Safety Mainstreaming

This is to certify that

BUSINESS REGISTRATION SERVICE

has attained a composite score of
98%

for the Financial Year 2023/2024

Performance Grade:

EXCELLENT

Date of Issue: 15TH SEPTEMBER 2024

NTSA/PC-20/2023/2024

GEORGE NJAO, EBS

DIRECTOR GENERAL

Keep our Roads Safe





**THE COMMISSION ON
ADMINISTRATIVE JUSTICE**
(Office of the Ombudsman)
Hata Mnyonge ana Haki

COMPLIANCE CERTIFICATE

Resolution of Public Complaints and Implementation of Service Charters

This is to Certify that

Business Registration Service

has attained a Composite Score of

94%

for the Financial Year 2023/2024

Performance Grade:

Very Good

MERCY K. WAMBUA, OGW
COMMISSION SECRETARY/CEO



DATE OF ISSUE: 17th September, 2024

CAJ/PC/SC/573/16



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