KENYATTA NATIONAL HOSPITAL
STAFF RETIREMENT BENEFITS SCHEME 2011
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

VC KARANI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
BISHOP ROAD
P O BOX 45481 - 00100
NAIROBI

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Annual Report and Financial Statements
For the Year Ended 30 June 2024

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Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Scheme Information
For the Year Ended 30 June 2024

TRUSTEES

Twitty Wasongah	- Chairman	- Elected on 3rd August 2024
Winnie Mwangi	- Trust Secretary	
Evanson Kamuri		
Calvin Nyachoti		
Morris Karaine		
Stella Githaiga		- Re-elected on 3rd August 2024
Fleming Lumumba		- Elected on 3rd August 2024
Simon Waithaka		- Elected on 3rd August 2024
Peter Mureithi		- Retired on 29th July 2024
Irene Moke		- Retired on 29th July 2024
Duncan Msafiri		- Retired on 29th July 2024

ADMINISTRATOR

Minet Kenya Financial Services Limited
Minet House, Off Nyerere Road
P O Box 20102 - 00100
NAIROBI

INVESTMENT MANAGERS

GenAfrica Asset Managers Limited
1st Floor, Arlington Block
14 Riverside Business Park
P O Box 79217 - 00200
NAIROBI

Sanlam Investments East Africa Limited
5th Floor, Africa Re Centre
Hospital Road, Upper Hill
P O Box 67262 - 00200
NAIROBI

CUSTODIAN

KCB Bank Kenya Limited
Custody Services
KCB Plaza, 7th floor
P O Box 30664 - 00100
NAIROBI

PROPERTY MANAGER

Ebony Estates Limited
Hughes Building
P O Box 19815 - 00100
NAIROBI

REGISTERED OFFICE

Kenyatta National Hospital
Hospital Hill Road
P O Box 20723 - 00202
NAIROBI

INDEPENDENT AUDITOR

VC Karani & Associates
Certified Public Accountants
Fort Granite Flats, A6, Bishop Road
P O Box 45481 - 00100
NAIROBI

The Trustees present their report together with the audited financial statements for the year ended 30 June 2024 which disclose the state of affairs of the Scheme.

1 Establishment, nature and purpose of the scheme

The Scheme was established and is governed by an irrevocable Trust deed dated 28 June 2011.

It is a defined contribution scheme whose main purpose is the provision of pension and other retirement benefits for members upon retirement from the founder's service and relief for the dependants of deceased members.

The Scheme is a tax-exempt approved plan (Income Tax ref. P/20130717/44) under the Income Tax Act and is registered with the Retirement Benefits Authority (Scheme ref. RBA/SC/01885).

2 Contributions

The employer and members contribute at the rate of 10% and 7.5% of the members' basic salary respectively. In addition, members are allowed to make additional voluntary contributions. Contributions are remitted monthly.

3 Membership

All permanent employees of the employer aged at least 18 years are eligible to join the scheme.

The movement in membership of the scheme during the year was as follows:

	Active	Deferred	Total
At start of year	4,570	515	5,085
Entrants	243	195	438
Retirements	(15)	(21)	(36)
Other leavers	(179)	(72)	(251)
At end of year	4,619	617	5,236

4 Financial review

The statement of changes in net assets available for benefits on page 10 shows an increase for the year of Kshs.1,468,576,064 (2023:Kshs.894,033,774) and the statement of net assets available for benefits on page 11 shows net assets of Kshs.8,026,504,771 (2023: Kshs.6,557,928,707). The significant increase was attributable to higher contributions, higher investment income and positive change in fair value of investments. The Scheme earned a total net rate of return of 10.36% for the year.

However, the net rate of return credited to the members' accounts for the year was 10.61%. The net rate of return credited to the members' accounts excludes unrealised gains and losses (changes in fair value) arising from the valuation of financial assets (specifically debt instruments/bonds) at fair value as provided in The Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2023.

5 Investment of funds

Kenya Commercial Bank Limited are the appointed Scheme custodian while GenAfrica Asset Managers Limited and Sanlam Investments East Africa Limited are the appointed Investment Managers.

Under the terms of their appointment, GenAfrica Asset Managers Limited and Sanlam Investments East Africa Limited are responsible for investment of the funds under segregated arrangement. However, the overall responsibility for investment and performance lies with the Trustees.

We confirm that the Scheme's assets have not been used as security or collateral on behalf of the employer or any connected business or individual.

The full investment allocation as at year end was as follows:

	FY 2024		FY 2023		RBA
Investment Portfolio	**Amount (Kshs)**	**Percentage (%) of Portfolio**	**Amount (Kshs)**	**Percentage (%) of Portfolio**	**Percentage (%) RBA Limits**
Cash at bank	11,983,720	0.15%	2,149,102	0.03%	5%
Fixed and call deposits	475,955,714	5.98%	292,130,108	4.49%	30%
Corporate bonds	18,716,775	0.23%	18,714,204	0.29%	20%
Kenya Government securities	4,853,230,811	60.93%	4,064,567,886	62.50%	90%
Quoted equities	766,873,691	9.63%	736,915,389	11.33%	70%
Offshore investments	296,083,102	3.72%	195,676,795	3.01%	15%
Private equity	61,782,657	0.78%	14,324,539	0.22%	10%
Real Estate Investment Trusts (REITS)	94,632,114	1.19%	69,483,880	1.07%	30%
Investment Property	1,385,863,175	17.40%	1,109,050,681	17.05%	30%
	7,965,121,759	**100.00%**	**6,503,012,585**	**100.00%**	

Note: All the investments are within the statutory limits set by Retirement Benefits Authority.

6 Independent Auditor

VC Karani & Associates, Certified Public Accountants (Kenya), were appointed as auditors for the year and have indicated their willingness to continue in office.

BY ORDER OF THE BOARD OF TRUSTEES

.....
Chairman

Dated: 26/Sept **2024**

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Scheme Governance Disclosure Statement
For the Year Ended 30 June 2024

1. **Trustees in office**

Name of Trustee	Age (Years)	Category (Member elected/Sponsor nominated/Professional)	No. of meetings attended	Certified (Yes/No)	Highest Qualification	Membership of other Boards
Peter Mureithi	49	Member elected	4	Yes	Masters degree	None
Evanson Kamuri	53	Sponsor Nominated	2	Yes	Masters degree	Yes; KNH DB
Calvin Nyachoti	42	Sponsor Nominated	4	Yes	Masters degree	None
Winnie Mwangi	49	Sponsor Nominated	4	Yes	Masters degree	Yes; KNH DB
Morris Karaine	59	Sponsor Nominated	4	Yes	Masters degree	None
Irene Moke	46	Member elected	4	Yes	Bachelors degree	None
Stella Githaiga	49	Member elected	4	Yes	Diploma	None
Duncan Msafiri	57	Member elected	4	Yes	Higher Diploma	None

2. **The Board of Trustees held 4 meetings during the year ending 30th June 2024. The meetings were held on the dates set hereunder:**
   a) 19-Sep-23
   b) 14-Nov-23
   c) 13-Feb-24
   d) 22-May-24

3. **The composition of the Board of Trustees is as hereunder:**
   a) Gender balance: Female **38%** Male **62%**
   b) Skills mix: No. of Trustees with financial skills **One (1)**.
   c) Age mix: No. of Trustees younger than 35 years **..NIL..** No. of Trustees older than 35 years **Eight (8)**.

4. **Committees of the Board of Trustees:**

Committee Name	No. of Meetings held	Any external advisors, invitees to meetings (Yes/No)(if yes, mention purpose)	Allowances paid (Kshs.)
Investment & Property Committee	4	No	276,000
Audit and Risk Committee	4	Yes; Internal Auditor	296,000
Welfare committee	4	No	259,000
Finance and Administration	4	No	276,000

5. **Fiduciary Responsibility Statement**

The Board of Trustees is the governing body of **Kenyatta National Hospital Staff Retirement Benefits Scheme 2011** and is responsible for the corporate governance of the Scheme. The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interests of the Scheme's members and the Sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

a) Acting honestly and did not improperly use inside information or abuse their position;
b) Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and
c) Performing their duties with the requisite degree of skill.

The Scheme has complied with the laws, regulations and guidelines that govern retirement benefit Schemes and the Scheme's operations.

The Trustees have ensured that the Fund Manager has carried out all Scheme investments and that all Scheme assets and funds are held by the Custodian.

The Board charter for the Scheme has been developed.

6. **Responsible Corporate Citizenship**

The Scheme has participated in socially responsible investments and operations and has not been involved in any activity that may undermine the well-being of the sponsor, members or the community in which it operates.

7. Key Outcomes

The Board of Trustees seeks to achieve the following:

a) Building trust with the members and sponsor of the Scheme so that they are satisfied with the administration of the Scheme;

b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and

c) Ensuring that the Scheme's administrative processes remain transparent and accessible to members and the Sponsor.

The Board of Trustees will measure the progress towards these outcomes through:

a) Triennial members' survey score **: 63.1%.**

b) Regular reports and feedback from the sponsor : **Sponsor is updated quarterly.**

8. Annual General Meeting

The Board of Trustee held the annual general meeting on **01 December 2023** at which **281** members attended, making up **5.5%** of the scheme members attended. The Board adequately addressed the members' concerns.

9. The Board conducted the following sensitization activities:

Name of sensitization forum	Date held	No. of members who attended	Remarks
Member Education & Pre-Retirement Training	30/10/2023 & 31/10/2023 (Virtual)	355	**Objectives Met**
Member Education & Pre-Retirement Training	11th to 15th March 2024 (Physical)	286	**Objectives Met**

During the sensitization activity, members were reminded of the Retirement Benefits Authority Whistle Blower portal to report any unusual occurrences in the management of scheme affairs.

10. Trustees remuneration policy

During the year under review, the Trustees were paid a gross sum of Kshs. 2,279,500.

The payments complied with the Trustee's Remuneration Policy of the Scheme.

11. Board of Trustees Evaluation

The Board and individual Trustees undertook a Board evaluation on 10th May 2024 and the Board was rated outstanding at 94.61%.

Signed on behalf of Board of Trustees on 24th Sept **2024**

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Chairman **Trustee**

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Statement of Trustees' Responsibilities
For the Year Ended 30 June 2024

The Retirement Benefits Act requires the Trustees to prepare financial statements in respect of the Scheme, which give a true and fair view of the state of affairs of the Scheme at the end of the financial year and the operating results of the Scheme for that year. The Trustees are also required to: a) ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the Scheme b) Safeguard the assets of the Scheme.

The Trustees are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended 30 June 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 Scheme; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Scheme; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement Benefits Act ,1997.

The Trustees are of the opinion that the Scheme's financial statements give a true and fair view of the state of the Scheme's transactions during the financial year ended 30 June 2024, and of the Scheme's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

The Scheme is currently developing its property (Title Number: Kajiado/ Kitengela/ 6242) in Kitengela. The Trustees continually monitor the land development progress in liaison with the appointed professional consultants/contractors in an effort to ensure the Scheme gets value for money and that development associated costs are prudently controlled.

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

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

For the Trustees:

.....
Chairman

.....
Trustee

Dated: 29/Sept **2024**



VCK/ARP/KNHDC/2024

REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF KENYATTA NATIONAL HOSPITAL STAFF RETIREMENT BENEFITS SCHEME 2011

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kenyatta National Hospital Staff Retirement Benefits Scheme 2011, set out on pages 10 to 25, which comprise the statement of net assets available for benefits as at 30 June 2024, the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2024 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Retirement Benefits Act.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Key Audit Matters identified were:

	Key Audit Matter	How the matter was addressed in our audit
1.	**Contributions receivable** The Scheme has recognised contributions income for the year and contribution due at year end. We considered this to be a key audit matter because contributions make up the main capital inflows into the Scheme which dictate the Scheme's ability to continue operating as a going concern and therefore the need to obtain assurance on the amounts thus reported.	Our audit procedures in this area included among others: • Reviewing monthly contribution schedules and confirming that correct classification/split of employee and employer portions as provided by the Trust Deed and Rules have been used; and that the disclosure of additional voluntary contributions has been made. • Confirming contribution remittances to the custodian; and • Verifying contributions outstanding by reconciling contributions receivable in the monthly contributions schedules with contributions remitted.
2.	**Benefits payable** The Scheme has recognised benefits payable for the year and unpaid benefits at year end. We considered this to be a key audit matter because benefit payments make up the main capital outflows from the Scheme and therefore provides an area of high exposure to loss of Schemes' assets if not properly managed.	Our audit procedures in this area included among others: • Reviewing schedule of benefits payable and confirming that they relate to Members of the Scheme who accessed their benefits having exited through any one of the allowed mode of exit i.e. resignation, dismissal, retirement, ill-health, immigration, death etc. • Reviewing benefit computation worksheets on sample basis and confirming that benefits paid and/or unpaid were correctly determined as per the Trust Deed and Rules and the Retirement Benefits Act and withholding tax on benefits payable was correctly determined and remitted as per the Income Tax Act.



REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF KENYATTA NATIONAL HOSPITAL STAFF RETIREMENT BENEFITS SCHEME 2011

	Key Audit Matter	How the matter was addressed in our audit
3.	**Financial assets** The Scheme has invested in various financial assets. We considered this to be a key audit matter because financial assets make up the Scheme's major assets and therefore the need to obtain assurance on the financial assets' ownership and value reported, together with generated investment income.	Our audit procedures in this area included among others: • Verifying ownership by obtaining confirmation of the financial assets held from the Scheme's custodian. • Reviewing classification and valuation of the financial assets and confirming that it is consistent with IFRS 9: Financial Instruments and the requirements of the Retirement Benefits Act 1997 as amended and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 that require Scheme assets to be recognised at market value. • Verifying investment income generated by each class of financial assets.
4.	**Investment property** The Scheme has invested in investment property. We considered the valuation, ownership of investment property and additional property costs capitalized as a key audit matter because it constitutes a major asset of the Scheme. This is due to estimation uncertainty in the determination of its value and therefore the need to obtain assurance on the investment property's ownership and value reported. Additionally, capitalization of property development costs constitute a high cash outflow and high exposure to the Scheme's assets if not properly managed.	Our audit procedures in this area included among others: • Verifying ownership by obtaining confirmation of the title ownership. • Reviewing the valuation of the property investments based on a valuation performed by an independent appraiser. • Verifying property development costs incurred specifically the periodic advance payments to the consultants and suppliers.

Other information

The Trustees are responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Retirement Benefits Act, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme'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 the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF KENYATTA NATIONAL HOSPITAL STAFF RETIREMENT BENEFITS SCHEME 2011

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Evans Ogari Onwonga, Practising Certificate No. 1971.

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For and on behalf of:
VC Karani & Associates
Certified Public Accountants
Nairobi

CPA EVANS OGARI ONWONGA
P. NO. 1971
27 SEP 2024
VC KARANI & ASSOCIATES CPA (K)
P. O. Box 45481 - 00100, NAIROBI

Dated: 27/09/ 2024

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Statement of Changes in Net Assets Available for Benefits
For the Year Ended 30 June 2024

	Notes	2024 Kshs	2023 Kshs
Income from dealings with members			
Contributions receivable	2	883,808,131	785,294,246
Transfers in	3	251,254	3,709,052
		884,059,385	**789,003,298**
Outgoings from dealings with members			
Benefits payable	4	(115,713,586)	(111,424,747)
Net additions from dealings with members		**768,345,799**	**677,578,551**
Return on investment			
Investment income	5	764,517,760	571,326,696
Change in fair value of investments	6	4,831,269	(286,120,172)
Less:			
Investment management expenses	7	(22,018,916)	(20,677,907)
Gross return on investments		**747,330,113**	**264,528,617**
Expenses			
Administrative expenses	8	(38,772,515)	(43,619,232)
Tax expense	19 (a)	(8,327,333)	(4,454,162)
Total administrative and tax expenses		**(47,099,848)**	**(48,073,394)**
Net return on investments		**700,230,265**	**216,455,223**
Increase in net assets for the year		**1,468,576,064**	**894,033,774**
Net assets available for benefits at start of year		6,557,928,707	5,663,894,933
Net assets available for benefits at end of year		**8,026,504,771**	**6,557,928,707**

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Statement of Net Assets Available for Benefits
As at 30 June 2024

	Notes	2024 Kshs	2023 Kshs
Non-current assets			
Property and equipment	9	495,639	977,889
Investments			
Investment property	10	1,385,863,175	1,109,050,681
Financial investments	11	6,567,274,864	5,391,812,802
		7,953,138,039	**6,500,863,483**
Current assets			
Contributions due	12	74,489,675	71,164,719
Receivables and prepayments	13	16,078,958	8,477,495
Cash at bank	14	11,983,720	2,149,102
Trust Fund assets	19 (a)	39,766,004	-
		142,318,357	**81,791,316**
Total assets		**8,095,952,035**	**6,583,632,688**
Less: Current liabilities			
Benefits payable	15	(4,341,193)	(4,341,193)
Payables and accrued expenses	16	(25,340,067)	(21,362,788)
Trust Fund liabilities	19 (b)	(39,766,004)	-
Total liabilities		**(69,447,264)**	**(25,703,981)**
Net assets available for benefits		**8,026,504,771**	**6,557,928,707**
Financed by:			
Members' Fund	20 (a)	8,060,477,950	6,557,928,707
Revaluation Reserve Fund	20 (b)	(33,973,179)	-
Members' Fund and Reserves		**8,026,504,771**	**6,557,928,707**

The financial statements on pages 10 to 25 were approved for issue by the Trustees on 13/09/..... 2024 and signed on their behalf by:

.....
Chairman

.....
Trustee

Kenyatta National Hospital
Staff Retirement Benefits Scheme 2011
Statement of Cash Flow
For the Year Ended 30 June 2024

	Notes	2024 Kshs	2023 Kshs
Cash flow from operating activities			
Contributions received		880,483,175	714,081,469
Transfers in		251,254	3,709,052
Benefits paid to seceding members		(115,713,586)	(109,853,816)
Administrative expenses paid		(38,645,023)	(72,535,151)
Tax paid		(6,532,986)	(3,867,130)
Net cash flow from operating activities		**719,842,834**	**531,534,424**
Cash flow from investing activities			
Investment income received		698,204,274	562,579,418
Investment management expenses paid		(21,735,675)	(20,398,446)
Purchase of financial assets		(1,309,083,613)	(1,366,853,110)
Proceeds from disposal of financial assets		410,683,647	321,901,675
Additions to investment property		(276,812,494)	(27,717,075)
Purchase of property and equipment		(228,752)	(590,300)
Net cash flow from investing activities		**(498,972,612)**	**(531,077,838)**
Net increase in cash and cash equivalents		**220,870,222**	**456,586**
Cash and cash equivalents at start of year		267,069,212	266,612,626
Cash and cash equivalents at end of year		**487,939,434**	**267,069,212**
Represented by:			
Cash at bank	**17**	11,983,720	2,149,102
Fixed and call deposits	**17**	475,955,714	264,920,110
		487,939,434	**267,069,212**

1 Significant accounting policies

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all the periods unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, the Retirement Benefits Act 1997 as amended, and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarize the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits that fall due after end of the Scheme period.

The financial statements are presented in the functional currency, Kenya Shillings (Kshs) and are prepared under the historical cost convention as modified by the carrying of certain investments at fair value.

b) Adoption of new and revised International Financial Reporting Standards (IFRSs)

i New and revised standards effective

At the date of authorization of these financial statements, various new and revised standards and interpretations were issued and effective. Those that relate and have an impact on the Scheme's operations have been adopted where applicable.

ii New and revised standards issued but not yet effective

At the date of authorization of these financial statements, various new and revised standards and interpretations were issued but not yet effective. Those that relate and have an impact on the Scheme's operations will be adopted where applicable once they become effective.

iii Early adoption of standards

The Trustees do not have any plans to adopt any new and revised standards until they become effective. Based on their assessment of the potential impact of application of these standards, they do not expect that there will be a significant impact on the Scheme's financial statements.

c) Key sources of estimation uncertainty

In the application of the accounting policies, the Trustees are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Except for the valuation of investment property for which Trustees have relied on valuation by an independent valuer and provision for anticipated liabilities, the Trustees have made no other sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial period.

d) Significant judgements made by Trustees in applying the Scheme's accounting policies

Trustees have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements.

i) Impairment of contributions due and other receivables

Contributions due

The Scheme recognises contributions receivable on an annual basis. Contributions outstanding for more than 30 days are considered overdue. In determining whether overdue contributions are impaired, the Trustees have made significant judgement as to whether there is any evidence indicating that the Sponsor will not remit the overdue amount, if any, as stated.

Other receivables

At each reporting date, the Scheme reviews the carrying amounts of its other receivables to determine whether there is any indication that these receivables have suffered an impairment loss. If any such indication exists, the recoverable amount of the receivable is estimated and an impairment loss is recognised in the statement of changes in net assets available for benefits whenever the carrying amount of the receivable exceeds its recoverable amount.

ii) Impairment of financial assets

The Trustees have adopted the expected credit loss (ECL) model provided under the revised IFRS 9 in determining provision for impairment of financial assets. This model requires considerable judgement about how economic factors affect ECLs, which should be determined on a probability-weighted basis.

Based on the expected credit loss (ECL) model, the Trustees are of the opinion that, except for the Real People corporate note investment whose recoverability is uncertain, no provision for impairment of the rest of the financial assets is necessary since the assets have been stated at their market values or fair values as at the end of the period. For financial assets stated at amortised cost, fair value has been determined as the nominal value plus accrued interest thereon.

iii) Fair value measurement and valuation process

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. The Trustees determine the fair value of the Scheme's assets and liabilities, where required, as follows:

- For assets and liabilities traded in the open market, fair value is the market value.
- For assets and liabilities not traded in the open market, fair value is determined using market observable data to the extent it is available.

e) Contributions

Current service and other contributions are accounted for in the period in which they fall due.

f) Benefit transfers

Benefit transfers are recognized in the period in which Members join from or leave for other Schemes.

g) Benefits payable

Pensions and other benefits payable are taken into account in the period in which they fall due.

h) Income from investments

Income comprises the fair value of the consideration received or receivable in the ordinary course of business.

The Scheme's income mainly comprising of investment income is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Scheme and when the specific criteria of the income class has been met as described below:

h) Income from investments....cont'd

i) Interest income is recognized for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investments and other discounted instruments.

ii) Discount on government and corporate securities is recognized for securities purchased at prices lower than their respective nominal values and stated at amortised cost.

iii) Dividends are recognized as income in the period in which the right to receive payment is established.

iv) Miscellaneous income is recognized in the period in which it is earned.

i) Investment property

Investment property comprises land for development and/or resale and/or capital appreciation. For the land meant for development, they are initially recognized at cost including incidental, transaction and development costs. However, for the land meant for resale and/or capital revaluation they are initially recognised at cost including incidental costs and are subsequently carried at market value based on valuations by external independent valuers or at the lower of cost and net realisable value for property due for resale whose sale price has been determined. Repairs and maintenance expenses and other property associated costs are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred. Investment property is not subject to depreciation.

Changes in carrying amounts of the investment property between net asset statement dates are recognized through the statement of changes in net assets available for benefits.

j) Financial instruments

The Scheme recognizes financial instruments in accordance with IFRS 9: Financial Instruments. The standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Recognition and measurement

Financial assets and liabilities are initially recognized in the Scheme's statement of net assets at cost (including transaction costs) when the Scheme becomes party to the contractual provisions of the instrument.

IFRS 9 requires subsequent classification and measurement of financial instruments to reflect the business model in which the financial instruments are managed and their cash flow characteristics.

The standard contains three principal classification categories for financial instruments namely:

i) At amortised cost;
ii) At fair value through other comprehensive income (FVTOCI)
iii) At fair value through profit or loss (FVTPL)

A financial instrument that meets the following two conditions must be measured at amortised cost unless the asset is designated at FVTPL under the fair value option:

- Business model test: The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows (rather than to sell the assets prior to their contractual maturity to realise changes in fair value).

- Cash flow characteristics test: The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial instrument that meets the cash flow characteristics test and is not designated at FVTPL under the fair value option must be measured at FVTOCI if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets.

j) Financial instruments

Financial assets

Financial assets are initially recognised at cost using settlement date accounting, when the Scheme has become party to the contractual provisions of the instrument.

The Scheme classifies its financial assets into the following categories: Financial assets at fair value through profit and loss, financial assets at amortised cost and receivables. Trustees determine the appropriate classification of its investment at initial recognition.

(i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value option. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so classifying eliminates or significantly reduces measurement inconsistency. Financial instruments cannot be transferred out of this category after inception. These category includes the following financial instruments:

- Government securities: Treasury bonds stated at market value
- Corporate bonds stated at market value.
- Quoted equities stated at market value.
- Offshore investments stated at market value.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non derivative financial assets with fixed or determinable payments and fixed maturities that Trustees have the positive intention and ability to hold to maturity. These category includes the following financial instruments:

- Government securities: Treasury bills stated at amortised cost.
- Corporate bonds and commercial paper stated at amortised cost.
- Short term deposits stated at amortised cost

(iii) Receivables

Receivables are non derivative assets with fixed or determinable payments that are not quoted in an active market. They arise when Trustees provide money or services directly to a debtor with no intention of trading the receivables. Receivables are carried at their original amount less an estimate made for bad and doubtful receivables based on the review of all outstanding amounts on an account by account basis, at the year end. Bad debts are written off in the year in which they are identified.

Impairment

IFRS 9 requires use of the 'expected credit loss' (ECL) model in determining impairment of financial assets. This model requires considerable judgement about how economic factors affect ECLs, which should be determined on a probability-weighted basis.

The impairment model is applicable to financial assets measured at amortised cost or FVTOCI except for investments in equity instruments and to contract assets.

The standard requires loss allowances to be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

j) **Financial instruments...cont'd**

Impairment...cont'd

The Scheme recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment. If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowances are recognised in profit or loss as impairment gains or losses.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

Presentation

All financial assets are classified as non-current except financial assets at fair value through profit or loss, those with maturities of less than 12 months from the reporting date, those which the Trustees have the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the Scheme's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Scheme does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or the Scheme has transferred substantially all risks and rewards of ownership, or when the Scheme has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Equipment and depreciation

All categories of equipment are initially recorded at cost and subsequently at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred.

Depreciation is calculated using the reducing balance method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

Depreciation rate applicable for computer equipment is at 33.33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

l) Provisions for liabilities

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

m) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

n) Currency

The presentation currency is in Kenya Shillings (Kshs.)

		2024 Kshs	2023 Kshs
2	**Contributions receivable**		
	Employer - Normal	504,106,270	475,179,169
	Members - Normal	378,007,485	308,050,294
	Members - Additional Voluntary Contributions (AVC)	1,694,376	2,064,783
		883,808,131	**785,294,246**
3	**Transfers in**	251,254	3,709,052
	This is in respect of benefits of employees who joined from other schemes		
4	**Benefits payable**		
	Benefits to and on account of leavers	115,713,586	111,424,747
5	**Investment income**		
	Dividends receivable from equities	59,936,508	58,466,383
	Interest and discounts receivable		
	- Treasury bonds	621,047,667	460,058,866
	- Treasury bills	9,845,828	16,033,126
	- Corporate bonds	2,254,165	2,252,844
	- Fixed and call deposits	70,129,866	24,270,029
	Gain/ (Loss) on disposal/ maturity of investments		
	- Quoted equities	(232,103)	12,369,668
	- Treasury bonds	1,535,829	(2,124,220)
		764,517,760	**571,326,696**
6	**Change in fair value of investments** (Note 11(a))		
	a) Financial investments (non-debt instruments)		
	Quoted equities	21,569,796	(157,096,708)
	Offshore equities	27,171,116	22,864,183
	Private equity	(10,285,932)	1,862,789
	Real Estate Investment Trusts (REITS)	349,468	2,940,480
		38,804,448	**(129,429,256)**
	b) Financial investments (debt instruments)		
	Treasury bonds	(33,973,179)	(156,690,916)
		4,831,269	**(286,120,172)**

7	**Investment management expenses**	2024 Kshs	2023 Kshs
	Management fees	11,618,438	11,925,557
	Custody fees	4,953,593	5,689,478
	Property expenses	5,446,885	3,062,872
		22,018,916	**20,677,907**

8	**Administrative expenses**	2024 Kshs	2023 Kshs
	RBA levy	5,000,000	5,000,000
	Administration fees	16,841,905	14,964,938
	Bank charges	507,688	417,599
	Trustee and secretariat allowances	2,279,500	5,047,712
	Trustee liability insurance premium	364,201	203,934
	Trustees training costs	10,583,333	12,787,154
	Member education & pre-retirement training costs	1,181,505	594,100
	Annual General Meeting (AGM) expenses	625,923	119,180
	Audit fees	400,000	360,000
	Legal fees	133,980	295,000
	Depreciation (**Note 9**)	711,002	551,878
	Trustee and Secretariat costs	185,348	110,200
	Strategic planning costs	-	2,844,537
	Subscriptions	324,000	323,000
	Corporate Social Responsibility (CSR) costs	225,000	-
		39,363,385	**43,619,232**
	Less: Overprovision of AGM expenses in prior year	(590,870)	-
		38,772,515	**43,619,232**

** CSR costs relates to the purchase of hospital beds being Scheme's participation in socially responsible investments and operations.

9 Property and equipment	2024 Kshs	2023 Kshs
Computer equipment		
At start of the year	977,889	939,467
Additions	228,752	590,300
Depreciation charge for the year	(711,002)	(551,878)
At end of year	495,639	977,889

10 Investment property	2024 Kshs	2023 Kshs
Land : Kajiado/ Kaputiei North/ 9072		
Value of land	390,892,246	390,892,246
Land & Buildings : Kajiado/ Kitengela/ 6242		
Value of land	682,500,000	682,500,000
Add: Development cost (work in progress)	312,470,929	35,658,435
	994,970,929	718,158,435
Total Investment property as at end of the year	**1,385,863,175**	**1,109,050,681**

Investment property relates to land purchased by the Scheme in the financial year 2017/2018. The Board of Trustees purchased two parcels of land Title Numbers: Kajiado/ Kaputiei North/ 9072 (Approx. 20.23 Ha or 50 acres) and Kajiado/ Kitengela/ 6242 (Approx. 14.2 Ha). Value of land includes the cost of land (purchase price plus incidental and transaction costs incurred in addition to revaluation gain as determined).

The property (Title Number: Kajiado/ Kitengela/ 6242) consists of 35 acres, 15 of which are earmarked for development in 3 phases. Under phase 1, the Scheme is developing 89 units whose total development cost as at year end was 312,470,929.

Development cost (work in progress) include; Feasibility Study cost, Master plan and architectural cost, Subdivision cost, Environmental impact assessment cost, Preliminary sketch design cost, Electrical & mechanical engineering, Civil and structural engineering, Quantity survey, Architectural consultancy, Project management costs as well as cost of materials and manpower incurred to date.

The Trustees incorporated a company in the name of Kitengela Pampas Limited which will own and manage all common spaces in Kitengela Pampas Estate. The company is fully owned by the Scheme and the management of the said company will eventually be handed over to the Estate owners/Purchasers.

The Trustees continually monitor the land development progress in liaison with the appointed professional consultants/contractors in an effort to ensure the Scheme gets value for money and that development associated costs are prudently controlled.

11 Financial assets	Market value at 01/07/2023	Less: Accrued interest b/fwd	Add: Purchases at cost	Less: Disposals at average cost	Change in fair value	Add: Accrued interest c/fwd	Market value at 30/06/2024
a) At fair value	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bonds	3,836,413,714	(115,349,542)	1,150,181,279	(168,726,021)	(33,973,179)	184,684,561	4,853,230,811
Quoted equities	736,915,389	-	30,334,326	(21,945,819)	21,569,796	-	766,873,691
Offshore investments	195,676,795	-	73,235,191	-	27,171,116	-	296,083,102
Private equities	14,324,539	-	57,744,050	-	(10,285,932)	-	61,782,657
Real Estate Investment Trusts (REITS)	69,483,880	-	24,798,766	-	349,468	-	94,632,114
Sub-total	**4,852,814,318**	**(115,349,542)**	**1,336,293,611**	**(190,671,841)**	**4,831,269**	**184,684,561**	**6,072,602,375**

	Market value at 01/07/2023	Less: Accrued interest b/fwd	Add: Purchases at cost	Less: Disposals at average cost	Impairment	Add: Accrued interest c/fwd	Market value at 30/06/2024
b) At amortised cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Corporate bonds	18,714,204	(384,204)	-	-	-	386,775	18,716,775
Treasury bills	228,154,172	(10,746,092)	-	(217,408,080)	-	-	-
Fixed and call deposits	292,130,108	(1,630,108)	4,223,000,000	(4,049,500,000)	-	11,955,714	475,955,714
Sub-total	**538,998,484**	**(12,760,404)**	**4,223,000,000**	**(4,266,908,080)**	**-**	**12,342,489**	**494,672,489**
Total	**5,391,812,802**	**(128,109,947)**	**5,559,293,611**	**(4,457,579,921)**	**4,831,269**	**197,027,050**	**6,567,274,864**

The following table analyses investments other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period at 30 June 2024 to the contractual maturity rate.

	Up to 3 months	3 -12 months	1- 5 years	Over 5 years	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bonds	-	132,907,055	1,302,568,519	3,418,789,848	**4,854,265,423**
Corporate bonds	-	-	18,716,775	-	**18,716,775**
Fixed and call deposits	382,428,481	93,527,233	-	-	**475,955,714**
Total	**382,428,481**	**226,434,288**	**1,321,285,295**	**3,418,789,848**	**5,348,937,912**

The following table summarises the average effective interest (coupon) rates at the year end on the main interest bearing investments:

	2024	2023
Treasury bonds	13.55%	12.34%
Corporate bonds	12.25%	12.25%
Fixed and call deposits	17.78%	12.16%

The following investment classes exceed 5% of investments of the scheme:

	2024	2023
Kenya Government securities	73.90%	75.38%
Quoted equities	11.68%	13.67%
Fixed and call deposits	7.25%	5.42%

The Scheme does not hold more than 10% of equity of any quoted company.

		2024	2023
12	**Contributions due**	**Kshs**	**Kshs**
	Outstanding for less than 30 days	74,489,675	71,164,719

Contributions outstanding relate to the month of June 2024.

13	**Receivables and prepayments**		
	Dividends receivable	14,895,758	8,477,495
	Consultancy costs recoverable	1,183,200	-
		16,078,958	**8,477,495**
14	**Cash at bank**		
	KCB Bank Custody Account - GenAfrica Asset Managers Limited	2,198,207	1,872,792
	KCB Bank Custody Account - Sanlam Investments East Africa Limited	9,785,513	276,310
		11,983,720	**2,149,102**
15	**Benefits payable**		
	Unpaid benefits (Benefits due to members who have left employment)	4,341,193	4,341,193
16	**Payables and accrued expenses**		
	Retirement Benefits Authority Levy	5,000,000	5,000,000
	Administration fees	8,630,599	7,480,039
	Management fees	3,743,344	5,091,519
	Custody fees	2,613,376	906,959
	Audit fees	400,000	360,000
	Annual General Meeting (AGM) expenses	-	590,870
	Property management fees	225,000	300,000
	Deposit from property purchasers	1,300,000	-
	Tax payable (**Note 18 b**)	3,427,748	1,633,401
		25,340,067	**21,362,788**

17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, fixed and call deposits.

Cash at bank	11,983,720	2,149,102
Fixed and call deposits	475,955,714	264,920,110
	487,939,434	**267,069,212**

18 Taxation

Kenyatta National Hospital Staff Retirement Benefits Scheme 2011 has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income. Taxation reflected in the financial statements relates to tax payable on net investment income of the unregistered segment of the scheme and is as follows:

	2024 Kshs	2023 Kshs
Taxable income	**27,757,775**	**14,847,207**
Tax charge for the year at 30%	8,327,333	4,454,162
a Tax charge for the year	**8,327,333**	**4,454,162**
Movement in tax account		
Balance of tax payable b/fwd	1,633,401	1,046,369
Add: Tax charge for the Scheme - current year	8,327,333	4,454,162
Less: Tax paid	(6,532,986)	(3,867,130)
b Balance of tax payable	**3,427,748**	**1,633,401**

Taxable investment income is determined as the proportion of income earned net of tax allowable expenses in respect of unregistered funds of members. Income and expenses are apportioned proportionately based on members' cumulative balances in the unregistered segment of the scheme as at 30 June 2024.

19 Trust Fund Assets and Trust Fund Liabilities

The Trust Fund holds benefits in respect of deceased members from which payments are made to beneficiaries on regular basis or as otherwise agreed by the Trustees and the beneficiaries. The funds held under the Trust Fund are invested separately and income earned thereof is credited to the beneficiaries accounts. As at year end, the Trust Fund held the following financial assets stated at market value:

	2024 Kshs	2023 Kshs
a Trust Fund assets		
Cash at bank: KCB Bank Custody Account	7,205,739	-
Fixed and call deposits	7,079,617	-
Treasury bonds	25,480,648	-
	39,766,004	**-**
b Trust Fund liabilities	**39,766,004**	**-**

Trust Fund liabilities consist of benefits payable and school fees commitments.

20 Members Fund and Reserves

	2024 Kshs	2023 Kshs
a) Members Fund		
Balance at start of year	6,557,928,707	5,663,894,933
Contributions receivable and transfers in	884,059,385	789,003,298
Benefits payable and transfers out	(115,713,586)	(111,424,747)
Net realised return on investments	700,230,265	216,455,223
Adjustment for changes in fair value of financial investments (debt instruments) - **Note 6b**	33,973,179	-
Balance at end of year	**8,060,477,950**	**6,557,928,707**

	2024 Kshs	2023 Kshs
b) Revaluation Reserve Fund		
Balance at start of year	-	-
Changes in fair value of financial investments (debt instruments) - **Note 6b**	(33,973,179)	-
Balance at end of year	**(33,973,179)**	**-**

The Retirement Benefit (Occupational Retirement Benefit Schemes) (Amendment) Regulations, 2023 which were gazetted by the Cabinet Secretary for the National Treasury and Economic Planning on 21st December 2023 provide that unrealised gains and losses arising from valuation of financial assets (specifically debt instruments/bonds) using the fair value approach shall not form part of the distributable income hence the creation of the revaluation reserve fund. The revaluation reserve fund is not distributable.

21 Contingent liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 30 June 2024.

22 Related party transactions

Related parties comprise of the Trustees, the administrator and the sponsor. Except for the contributions receivable (notes 2 and 12) and the payment of fees and expenses (note 7,8 and 16), there were no other transactions carried out with related parties during the year.

23 Financial risk management disclosures

The Scheme's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the scheme does not hedge any risks.

Risk management is carried out by the Investment managers of the Scheme in accordance with policies approved by the Board of Trustees.

Market risk

(i) Foreign exchange risk

The Scheme has investments in regional and offshore markets and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

(ii) Cash flow and fair value interest rate risk

The Scheme does not hold any interest bearing financial liability or asset at a variable rate which would expose the Scheme to cash flow interest rate risk.

(iii) Credit risk

Credit risk arises from investments other than equity investments, contributions receivable, cash equivalents, and other receivables. The Scheme does not have any significant concentrations of credit risk. The Fund manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Trustees.

In the financial year 2015/2016, Imperial Bank Limited and Chase Bank Limited were placed under statutory receivership by the Central Bank of Kenya due to unsound business practices. At the time of placement of the banks into statutory receivership, the scheme held a fixed deposit of Kshs. 15,000,000 with Imperial Bank Limited and a 7-year Corporate Bond with Chase Bank with face value of Kshs. 6,300,000. The balance of the fixed deposit held in Imperial Bank and accrued interest thereon totalling Kshs. 13,854,257 was impaired in the subsequent two financial years 2016/2017 (Kshs. 7,718,774) and 2017/2018 (Kshs. 6,135,483) based on advise by the Capital Markets Authority that had indicated high likelihood of non-recovery and advised depositors/investors to impair investments held in Imperial Bank for two years i.e. 50% in first year and 50% in the second year. In the financial year 2020/2021, full provision for impairment totalling Kshs.6,300,000 was made in respect of the Corporate Bond for Chase Bank due to uncertainty of its recoverability and in view of the revised IFRS 9 that required expected losses to be assessed and impaired.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the Fund manager on the amount to be invested in assets that can be easily liquidated.

24 Capital commitments

	2024	2023
	Kshs.	Kshs.
Estimated and contracted for	2,494,000,000	2,494,000,000

The commitment relates to the estimated total cost of development of Kitengela Pampas housing project on plot number LR.No. Kajiado/ Kitengela/ 6242 in Kajiado County. Qualified consultants, main contractor and sub-contractors for the project have already been appointed through the normal procurement process and construction work has commenced.

25 Capital management

The Scheme capital structure consists of accumulated members' funds. The primary objective of the Scheme's capital management is to ensure that its funds are invested in assets that provide optimal returns while complying with the approved investment policy and the set statutory investment guidelines in order to support its business and maximise members value.