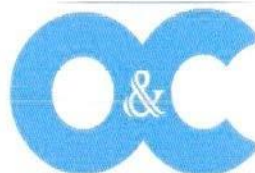




**KENYA PORTS AUTHORITY PENSION SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE  
ENDED YEAR 31 DECEMBER 2021**



**Obiria and Company**  
Certified Public Accountants

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**Scheme information**

**Trustees**

- : Mr. Yobesh Oyaro (Appointed on 01 April 2019)
- : Mr. Alex Ole Leteipan (Appointed on 03 October 2020)
- : Ms. Delilah Kadzo Kazungu (Resigned on 28 October 2021)
- : Mr. Daniel Ogutu (Appointed on 14 May 2019)
- : Salim Chingabwi (Appointed on 03 October 2020)
- : Mr. David Bonyi (Appointed on 01 January 2021)
- : Ferdinand K. Malumbo (Appointed on 18 December 2020)
- : Violet M.O. Mugambi (Appointed on 18 December 2020)
- : Paul Muthwii Mwaka (Appointed on 18 December 2020)

**Custodian**

- : Kenya Commercial Bank Nominees Limited
- : C/O Kenya Commercial Bank Limited
- : P. O. Box 30664 - 00100
- : Nairobi

**EMPLOYER/SPONSOR**

- : Kenya Ports Authority
- : P. O. Box 95009 - 80104
- : Mombasa

**SCHEME ADMINISTRATOR**

- : Caroline Kodo (Mrs)
- : Kenya Ports Authority Pension Scheme
- : Old Cannon Towers, 7th floor
- : Moi Avenue
- : P. O. Box 1019 - 80100
- : Mombasa

**Secretary**

- : Caroline Kodo (Mrs)
- : Kenya Ports Authority Pension Scheme
- : P. O. Box 1019 - 80100
- : Mombasa

**ACTUARY**

- : Zamara Actuaries, Administrators and Consultants
- : P. O. Box 52439 - 00200
- : Nairobi

**FUND MANAGERS / PROPERTY MANAGERS**

|   |  |
|---|--|
| 1. Britam Asset Managers Kenya Limited<br>Britam Centre<br>Mara / Ragati Road Junction, Upper Hill<br>P.O. Box 30375 - 00100<br>GPO Nairobi | 2. Co – op Trust Investment Services Limited<br>Co – operative House 13 <sup>th</sup> Floor, Haile Selassie Avenue<br>P.O. Box 48231 – 00100, Nairobi<br>Telephone: 020 3276416<br>Email: co-optrust@co-opbank.co.ke |
|---|--|

**INDEPENDENT AUDITOR**

- : Obiria & Co.
- : Certified Public Accountants
- : P. O. Box 282 - 80100
- : Mombasa

**SCHEME INFORMATION (CONTINUED)**

**REGISTERED OFFICE**

: Kenya Ports Authority Pension Scheme  
: Old Cannon Towers, 7th Floor  
: Moi Avenue  
: P. O. Box 1019 - 80100  
: Mombasa

**BANKERS**

- |   |   |
|---|---|
| 1. Citibank N. A.<br>P. O. Box 83615 - 80100<br>Mombasa             | 2. KCB Bank Kenya Limited<br>P. O. Box 90254 - 80100<br>Mombasa |
| 3. Stanbic Bank Kenya Limited<br>P. O. Box 90131 - 80100<br>Mombasa |   |

**LAWYERS**

- |   |  |
|---|--|
| 1. M/s MMC Africa Law<br>P.O. Box 90282 – 80100<br>Mombasa              | 2. Miller and Company Advocates<br>P.O. Box 90088 – 80100<br>Mombasa |
| 3. Kittony Maina Karanja & Company<br>P.O. Box 80271 - 80100<br>Mombasa | 4. CM Advocates LLP<br>P.O. Box 90056 – 80100<br>Mombasa             |
| 5. S. M. Righa & Company<br>P.O. Box 889 – 80300<br>Voi                 | 6. M/s Nyiha Mukoma & Company<br>P.O. Box 28491-00200,<br>Nairobi    |
| 7. M/s Lumatete Muchai & Company<br>P.O. Box 80271 – 80100<br>Mombasa   | 8. M/s Robson Harris & Company<br>PO Box 67845-00200<br>Nairobi      |
| 9. M/s Kipkenda & Company<br>P.O. Box 56832 – 00200<br>Nairobi          | 10. M/s Muthee Soni & Associates<br>P.O Box 87919-80100<br>Mombasa   |

## REPORT OF THE TRUSTEES

The trustees present their report together with the audited financial statements for the Kenya Ports Authority Pension Scheme (the "scheme") for the year ended 31 December 2021.

### ESTABLISHMENT, NATURE, AND STATUS OF THE SCHEME

The scheme was established, and is governed by a trust deed with effect from 1 January 1998. It is a defined benefit scheme and provides, under the rules of the scheme, retirements benefits for the staff of Kenya Ports Authority. It is a tax exempt (92291B/1765) approved scheme under the Income Tax Act and is registered with the Retirement Benefits Authority. Employees contribute to the fund at the rate of 7.5% (2020: 7.5%) of their respective pensionable salaries. The employer contributes at rates based on periodic advice of the actuary. The employer's current contribution rate is 14.7% (2020: 14.7%) of employees' pensionable salaries.

| SCHEME MEMBERSHIP  | 2021<br>Number        | 2020<br>Number        |
|--|-----------------------|-----------------------|
| Total Members  |                       |                       |
| Contributing members                                     | 566                   | 684                   |
| Non-contributing members                                 | 2,552                 | 2,419                 |
| Pensioners   | 4,155                 | 4,313                 |
| Pension beneficiaries                                    | 1,730                 | 1,395                 |
|  | <u>9,003</u>          | <u>8,811</u>          |
| <br>Contributing members                                 |                       |                       |
| At start of year   | 684                   | 831                   |
| <b>Less:</b> Retired with pension                        | (89)                  | (135)                 |
| Died in service  | (2)                   | (8)                   |
| Other secessionists                                      | (27)                  | (4)                   |
| At end of year   | <u>566</u>            | <u>684</u>            |
| <br>Pensioners and pension beneficiaries                 |                       |                       |
| At start of year   | 5,708                 | 5,491                 |
| <b>Add:</b> Contributing members who retired             | 89                    | 135                   |
| Widows, widowers and dependants pension becoming payable | 202                   | 205                   |
| <b>Less:</b> Ceased pensions                             | (157)                 | (123)                 |
| At end of year   | <u>5,842</u>          | <u>5,708</u>          |
| <br><b>FINANCIAL REVIEW</b>                              | <b>2021</b>           | <b>2020</b>           |
|  | <b>Shs</b>            | <b>Shs</b>            |
| <b>Net assets</b>  |                       |                       |
| At start of year   | 23,061,519,268        | 24,032,940,166        |
| Prior year adjustment                                    | (25,200,000)          | -                     |
| Increase / Decrease in net assets during the year        | <u>(649,129,809)</u>  | <u>(971,420,827)</u>  |
| At end of year   | <u>22,387,189,460</u> | <u>23,061,519,268</u> |

**REPORT OF THE TRUSTEES (CONTINUED)**

**INVESTMENT OF FUNDS**

Under the terms of their appointment the fund managers Britam Asset Manager (K) Limited, Co-op Trust Investment Services Limited are responsible for the investment of funds. The overall responsibility for investment and performance of funds lies with the trustees.

**ACTUARIAL POSITION**

The last actuarial valuation was carried out as at 31 December 2020 in May 2021 by Zamara Actuaries, Administrators and Consultants Limited, an independent firm of actuaries, using the projected unit credit method. According to the valuation at that date, the actuarial present value of promised benefits was as follows:

|                     | <b>2020</b>          | <b>2019</b>          |
|---------------------|----------------------|----------------------|
|                     | <b>Shs '000,000</b>  | <b>Shs '000,000</b>  |
| Vested benefits     | 12,163               | 11,355               |
| Non vested benefits | <u>15,278</u>        | <u>16,588</u>        |
| <b>Total</b>        | <b><u>27,441</u></b> | <b><u>27,943</u></b> |

The fair value of the net assets available for benefits was Shs 23,062 (2019 :Shs 24,033) billion resulting in a deficit of Shs 4,379 (2019 :Shs 3,909) billion

The sponsor commissions an actuarial valuation on an annual basis as agreed with the Retirement Benefits Authority (RBA) although the RBA requires an actuarial valuation at least once in every three years.

**REMEDIAL PLAN**

A remedial plan to reduce the actuarial deficit has not been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

**REPORT OF THE TRUSTEES (CONTINUED)**

**TRUSTEES**

The trustees who held office to the date of this report are shown on page 1.

**EXPENSES**

The scheme meets all its expenses.

**TAXATION**

Kenya Ports Authority Pension Scheme has been approved by Kenya Revenue Authority and is exempt from income tax on its investment income.

**INDEPENDENT AUDITOR**

The scheme's auditor, Obiria & Co. has indicated willingness to continue in office in accordance with Section 34 (3) of the Retirement Benefits Act.

**BY ORDER OF THE BOARD OF TRUSTEES**

  
SACIA CHIRIABWI  
TRUSTEE  
MOMBASA

04.03.2022

#### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the Trustees to prepare financial statements for each financial year which show a true and fair view of the financial transactions of the Scheme for the year and of disposition at year end of its assets and liabilities. It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Retirement Benefits Act, and for such internal controls as Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also obligated to send to the members a summary of its audited financial accounts together with the members' benefits statements

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Scheme's rules. The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the Scheme and of its operating results. The Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Trustees certify that, to their best knowledge and belief, the information furnished to the auditor for the purpose of the audit was correct and complete in every respect.

Nothing has come to the attention of the Trustees to indicate that the Scheme will not remain a going concern 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.

Approved by the board of trustees on 04.03.2022 and signed on its behalf by:

  
SALIM CHINGABWA  
TRUSTEE

  
\_\_\_\_\_  
TRUSTEE

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF KENYA PORTS AUTHORITY PENSION SCHEME****Opinion**

We have audited the accompanying financial statements of Kenya Ports Authority Pension Scheme set out on pages 8 to 29 which comprise the statement of net assets available for benefits as at 31 December 2021 and the statement of changes in net assets available for benefits, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, report, the accompanying financial statements give a true and fair view of the financial position of the scheme as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, 1997 and the scheme's trust deed.

**Basis for 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 company in accordance with the International Ethics Standards Board for Accountants' 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 opinion.

**Emphasis of matter:****a) Project balances**

Included in receivables and payables are amounts of Shs 1,834,777,485 and Shs 136,171,120 respectively relating to completed property development projects undertaken by the scheme.

**b) Actuarial deficit**

We draw your attention to Note 21 in the notes to the financial statements which indicates that there was an actuarial deficit of Shs 4,379 billion as at 31 December 2020

A remedial plan to reduce the actuarial deficit has not been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

**c) Non-compliance with Retirement Benefits Act investment guidelines**

We draw your attention to Note 18 to the financial statements which indicates that investment in investment property is more than that stipulated in the Retirement Benefits Act.

**d) Expired lease of leasehold property**

We draw your attention to Note 8 to the financial statements which indicates the the value of investment in investment property in a sum of Shs 11,285,851,360. Included in the amount is Shs 142,000,000 relating to Property No. Mombasa/Block/XXI/64 whose lease has expired.

Our opinion is not qualified in respect of this matters.

**Other information**

The trustees are responsible for the other information. The other information comprises the report of the trustees' 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.

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF KENYA PORTS AUTHORITY PENSION SCHEME (CONTINUED)**

**Responsibilities of Trustees for the Financial Statements**

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with 'International Financial Reporting Standards and the Retirement Benefits Act 1997, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 has no realistic alternative

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

**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 the 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 judgment and maintain professional skepticism '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 trustee's 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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Gideon Obiria P/No. 2157

**CPA Gideon Obiria**  
.....  
*For and on behalf of*  
**Obiria & Co. (CPA)**

Certified Public Accountants  
Mombasa

21.03 2022

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

|   | Notes  | 2021<br>Shs     | 2020<br>Shs     |
|---|--------|-----------------|-----------------|
| <b>Income from dealings with members</b>              |        |                 |                 |
| Contributions received in the year                    | 2.     | 705,256,217     | 734,223,961     |
| <b>Outgoings from dealings with members</b>           |        |                 |                 |
| Benefits payable and paid                             | 3.     | (2,287,149,349) | (2,359,207,535) |
| <b>Net reduction from dealings with members</b>       |        |                 |                 |
|   |        | (1,581,893,132) | (1,624,983,575) |
| <b>Returns on investments</b>                         |        |                 |                 |
| Investment income                                     | 4.     | 1,016,434,866   | 1,079,534,221   |
| Gain/(loss) on disposal of financial assets           | 5.(i)  | 16,315,053      | 69,544,432      |
| Gain/(loss) on disposal of investment property        | 5.(ii) | -               | 26,756,360      |
| Fair value gain on investment properties              | 8      | -               | 56,400,000      |
| Changes in fair value of plan assets                  | 11.    | 142,037,253     | (372,506,330)   |
| Investment management expenses                        | 6.     | (24,249,445)    | (25,325,983)    |
| Impairment of plan investment                         | 11.    | -               | -               |
| <b>Net return on investments</b>                      |        |                 |                 |
|   |        | 1,150,537,727   | 834,402,700     |
| Administrative expenses                               | 7.     | (217,774,403)   | (180,839,952)   |
| <b>(Decrease)/increase in net assets for the year</b> |        |                 |                 |
|   |        | (649,129,809)   | (971,420,827)   |
| <b>Net assets available for benefits</b>              |        |                 |                 |
| At start of year                                      |        | 23,061,519,268  | 24,032,940,166  |
| Prior year adjustment                                 |        | (25,200,000)    | -               |
| (Decrease)/increase                                   |        | (649,129,809)   | (971,420,827)   |
| <b>At end of year</b>                                 |        |                 |                 |
|   |        | 22,387,189,460  | 23,061,519,268  |

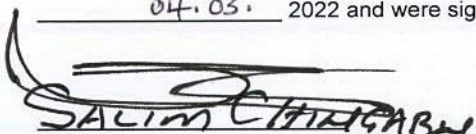
The notes on pages 12 - 31 form an integral part of these financial statements.

Report of the independent auditor - pages 7 - 8.

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

|  | Notes | As at 31 December     |                       |
|--|-------|-----------------------|-----------------------|
|  |       | 2021<br>Shs           | 2020<br>Shs           |
| <b>Assets</b>                            |       |                       |                       |
| Investment properties                    | 8.    | 11,285,851,360        | 11,592,451,360        |
| Motor vehicle and equipments             | 9.    | 53,321,549            | 62,174,330            |
| Assets classified as held for sale       | 10.   | 565,400,000           | 284,000,000           |
| Plan investments                         | 11.   | 8,940,040,089         | 9,412,509,338         |
| Intangible assets                        | 12.   | 5,099,973             | 5,602,800             |
| Receivables and accrued income           | 13.   | 1,975,740,148         | 1,887,243,670         |
| Cash and cash equivalents                | 14.   | 288,628,015           | 214,336,626           |
| <b>Total assets</b>                      |       | <u>23,114,081,134</u> | <u>23,458,318,124</u> |
| <b>Less: liabilities</b>                 |       |                       |                       |
| Payables and accrued expenses            | 15    | <u>726,891,674</u>    | <u>396,798,855</u>    |
| <b>Net assets available for benefits</b> |       | <u>22,387,189,460</u> | <u>23,061,519,268</u> |

The financial statements on pages 8 to 29 were approved and authorised for issue by the Board of Trustees on 04.03.2022 and were signed on its behalf by:

  
SALIM CHIRIGABWI  
TRUSTEE

  
TRUSTEE

The notes on pages 12 - 31 form an integral part of these financial statements.

Report of the independent auditor - pages 7 - 8.

**STATEMENT OF CASH FLOWS**

|   | Notes | 2021<br>Shs     | 2020<br>Shs     |
|---|-------|-----------------|-----------------|
| <b>Operating activities</b>   |       |                 |                 |
| Reconciliation of decrease in net assets to cash from operating activities: |       |                 |                 |
| Decrease in net assets (excluding fair value changes)                       |       | (791,167,062)   | (596,923,287)   |
| <b>Adjustments for:</b>   |       |                 |                 |
| Depreciation of motor vehicles and equipment                                | 7.    | 12,893,153      | 2,826,025       |
| Amortisation of intangible assets   |       | 833,464         | 800,400         |
| Revaluation loss  |       | -               | (56,400,000)    |
| Gain/(loss) on disposal of investment property                              |       | -               | (26,756,360)    |
| Interest on treasury bill   |       | -               | (5,708,733)     |
| Unrealised Exchange Gain/ (Loss)  |       | (3,114,563)     | (1,988,293)     |
| (Gain)/loss on disposal of financial assets                                 | 5.(i) | (16,315,053)    | (69,544,432)    |
|   |       | (796,870,060)   | (753,694,681)   |
| <b>Changes in:</b>  |       |                 |                 |
| Receivables and accrued income  |       | (88,496,478)    | (12,807,267)    |
| Payables and accrued expenses   |       | 330,092,819     | (404,011,756)   |
| Net cash used in operating activities                                       |       | (555,273,719)   | (1,170,513,704) |
| <b>Investing activities</b>   |       |                 |                 |
| Cash paid for purchase of PPE   | 9.    | (4,040,372)     | (60,245,412)    |
| Cash paid for purchase of intangible asset                                  | 12.   | (330,637)       | -               |
| Purchase of plan assets   | 11.   | (1,056,203,924) | (837,336,467)   |
| Proceeds from sale of investment property                                   |       | -               | 680,800,000     |
| Proceeds from sale/maturity of financial assets                             | 5.(i) | 1,255,480,767   | 1,545,136,369   |
| Net cash from investing activities  |       | 194,905,834     | 1,328,354,489   |
| <b>Decrease in cash and cash equivalents</b>                                |       | (360,367,885)   | 157,840,785     |
| <b>Movement in cash and cash equivalents</b>                                |       |                 |                 |
| At start of year  |       | 779,287,462     | 621,446,676     |
| Increase (decrease)   |       | (360,367,885)   | 157,840,785     |
| At end of year  | 14.   | 418,919,576     | 779,287,462     |

The notes on pages 12 - 31 form an integral part of these financial statements.

Report of the independent auditor - pages 7 - 8.

## NOTES

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS), Retirement Benefits Act, 1997 as amended, and with the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000. Historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the scheme takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements summarise the transactions of the scheme and deal with the net assets available for benefits disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of scheme year.

These financial statements are presented in Kenyan Shillings (Shs), rounded to the nearest thousand. The measurement applied is the historical cost basis, except where otherwise stated in the accounting policies.

#### Going concern

The financial performance of the scheme is set out in the trustees' report and in the statement of changes in net assets available for benefits. The financial position of the scheme is set out in the statement of net assets available for benefits. Disclosures in respect of risk management are set out in note 23.

Based on the financial performance and position of the scheme and its risk management policies, the trustees are of the opinion that the scheme is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

#### New and amended standards adopted by the scheme

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

## NOTES (CONTINUED)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### a) Basis of preparation (continued)

##### **New standards, amendments and interpretations issued but not effective**

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 40 'Transfers of Investment Property' (issued in December 2017) that are effective for annual periods beginning on or after 1 January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.
- Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) that is effective for annual periods beginning on or after 1 January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.
- IFRS 9 'Financial Instruments' (Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract.

In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.

- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18). It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.
- IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- The trustees expect that the future adoption of IFRS 9 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The trustees do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The scheme plans to apply the changes above from their effective dates noted above.

## NOTES (CONTINUED)

### b) Key sources of estimation uncertainty

In the application of the accounting policies, the trustees are required to make the judgments, 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.

In the application of the accounting policies, the trustees are required to make the judgments, 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.

The trustees have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Impairment of receivables and accrued income**- the scheme reviews their portfolio of receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.
- **Fair value measurement and valuation process** - In estimating the fair value of an asset or a liability, the trustees uses market-observable data to the extent it is available. Where level 1 inputs are not available, the trustees makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the model.

### c) Significant judgements made by management 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:

- **Held to maturity financial assets** - The trustees have reviewed the scheme's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the scheme's positive intention and ability to hold those assets to maturity.

### d) Contributions receivable

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

### e) Benefits payable

Pensions and other benefits payable are accounted for in the period in which they fall due.

### f) Income from investments

- i) Interest income is recognised for all interest bearing instruments on a accrual basis. Interest income includes coupons earned on fixed income investments and accrued discounts and premium on treasury bills and other discounted instruments.
- ii) Dividends are recognised as income in the period in which the right to receive payment is established.
- iii) Rental income is recognised in the period in which it is earned.

## NOTES (CONTINUED)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at rates ruling at the transaction dates. At the end of each reporting period, items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of changes in net assets available for benefits.

#### h) Motor vehicle and equipments

All motor vehicle and equipments are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

|                         |                |
|-------------------------|----------------|
| Motor vehicle           | - over 4 years |
| Computer and equipments | - over 5 years |

The assets residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of motor vehicles and equipment are determined by reference to their carrying amount and are taken into account in determining net return on investments.

#### i) Investment property

Investment property is carried at fair value representing open market value. Fair value is determined every three years by external independent valuers as required by the Retirement Benefits Act. Investment properties are not subject to depreciation. Changes in the carrying amount between reporting dates are processed through the statement of changes in net assets.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of changes in net assets.

Repairs and maintenance expenses in respect of investment property are charged to income in the period in which the expense is incurred.

## NOTES (CONTINUED)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Financial instruments

Financial assets and financial liabilities are recognised when the scheme becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

##### - Financial assets

The scheme's financial assets which include quoted shares, government securities and corporate bonds and commercial paper and loans and receivables are carried at fair value and fall into the following categories:

**Held-to-maturity:** financial assets with fixed or determinable payments and fixed maturity where the management have the positive intent and ability to hold to maturity. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the statement of changes in net assets available for benefits.

**Available-for-sale:** financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are carried at fair value where fair value gains or losses are recognised directly in statement of changes in net assets available for benefits.

**Interest on available-for-sale securities** is calculated using the effective interest method and is recognised in statement of changes in net assets available for benefits as part of investment income. Dividends on available-for-sale equity instruments are also recognised in statement of changes in net assets available for benefits as part of investment income when the scheme's right to receive payments is established.

**Receivables:** financial assets that are created by the scheme by providing money directly to a debtor are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the statement of changes in net assets available for benefit.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the scheme's fund managers commit to purchase or sell the asset.

Financial assets carried at fair value through statement of changes in net assets available for benefits are initially recognised at fair value and transaction costs are expensed in the statement of changes in net assets.

Financial assets are derecognised when the rights to receive cash and cash flows from the investments have expired or have been transferred and the scheme has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in statement of changes in net assets available for benefits under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in statement of changes in net assets available for benefits.

## NOTES (CONTINUED)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Financial instruments (continued)

##### - *Financial assets (continued)*

Subsequent recoveries of amounts previously written off/impaired are credited to changes in net assets available for benefits.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in statement of changes in net assets available for benefits are determined by reference to their carrying amount and are taken into account in determining changes in net assets available for benefits.

Trustees classify investments as follows:

Quoted shares, government securities, corporate bonds and commercial paper are classified as available-for-sale financial instruments. The fair values of quoted shares are based on current bid prices at the reporting date.

Cash with financial institutions are classified as loans and receivables and are carried at amortised cost. Receivables are classified as loans and receivables and are carried at amortised cost.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining increase/decrease in net assets for the year.

Trustees classify investments as follows:

Quoted investments are classified as 'available for sale' financial instruments. The fair values of quoted investments are based on current bid prices at the reporting date.

Government securities, corporate bonds and commercial paper are classified as held to maturity as the scheme has the intention and ability to hold these to maturity. These are carried at amortised cost.

Cash with financial institutions are classified as loans and receivables and are carried at amortised cost. Receivables are classified as loans and receivables and are carried at amortised cost.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

- **Level 1:** where fair values are based on non-adjusted quoted prices in active markets for identical financial.
- **Level 2:** where fair values are based on adjusted quoted prices and observable prices of similar financial assets.
- **Level 3:** where fair values are not based on observable market data.

##### - *Financial liabilities*

The scheme's financial liabilities which includes payables fall into the following category:

**Financial liabilities measured at amortised cost:** These include payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Payables are initially recognised at fair value and are subsequently stated at amortised cost.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Financial instruments (continued)**

**- Financial liabilities (continued)**

All financial liabilities are classified as current liabilities unless the scheme has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

Financial liabilities are derecognised when, and only when, the scheme's obligations are discharged, cancelled or expired.

Benefits payable and other liabilities are classified as financial liabilities. Benefits payable to leaving members are taken into account as they fall due for payment.

**Offsetting financial instruments**

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

**k) Intangible assets - Software**

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which is estimated to be 5 years.

**l) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and fixed and time deposits maturing within 90 days.

**m) Taxation**

The scheme is exempt from income tax under the Income Tax (Cap. 470).

**n) Comparatives**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

**NOTES (CONTINUED)**

| 2. Contributions received   | 2021<br>Shs          | 2020<br>Shs          |
|---|----------------------|----------------------|
| Employer's contributions at 14.7% (2020: 14.7%)   | 112,637,525          | 131,786,092          |
| Employees' contributions at 7.5% (2020: 7.5%)   | 57,418,692           | 67,237,802           |
| Additional contribution   | 535,200,000          | 535,200,066          |
|   | <u>705,256,217</u>   | <u>734,223,961</u>   |
| There were no revisions on Employer's contributions   |                      |                      |
| 3. Benefits payable and paid  | 2021<br>Shs          | 2020<br>Shs          |
| Monthly pensions  | 1,443,567,665        | 1,474,606,466        |
| Lump sum  | 737,686,278          | 870,267,736          |
| Lumpsum & Pension(Recalculation)  | 81,995,408           | -                    |
| Burial allowance  | 23,899,998           | 14,333,333           |
|   | <u>2,287,149,349</u> | <u>2,359,207,535</u> |
| 4. Income from investment   |                      |                      |
| <b>Rental income</b>  |                      |                      |
| Gross rental income   | 299,508,718          | 283,237,345          |
| Less: direct rental expenses  | (108,359,536)        | (75,568,174)         |
| Net rental gain   | 191,149,182          | 207,669,171          |
| <b>Plan investment</b>  |                      |                      |
| Dividends receivable on quoted shares (Kenya and offshore)  | 86,929,909           | 97,384,477           |
| Interest and discounts receivable on Kenya Government securities, commercial paper and corporate bonds, and loans and receivables | 738,160,593          | 774,387,225          |
| Miscellaneous income  | 195,181              | 93,348               |
|   | <u>1,016,434,866</u> | <u>1,079,534,221</u> |
| 5.(i) Gain/(loss) on disposal of plan investments   | 2021<br>Shs          | 2020<br>Shs          |
| Sale proceeds on disposal of financial assets   | 1,041,176,967        | 74,998,225           |
| Fair value of financial assets disposed   | (1,024,861,915)      | (5,453,793)          |
| Net gain  | <u>16,315,053</u>    | <u>69,544,432</u>    |
| 5.(ii) Fair value gain/(loss) on investment properties & plan assets  |                      |                      |
| Fair value gain on investment properties  | -                    | 56,400,000           |
| Changes in fair value of plan assets  | 142,037,253          | (372,506,330)        |
| Gain on disposal of investment property   | -                    | 26,756,360.29        |
|   | <u>142,037,253</u>   | <u>(289,349,970)</u> |

| NOTES (CONTINUED)  | 2021<br>Shs        | 2020<br>Shs        |
|--|--------------------|--------------------|
| <b>6. Investment management expenses</b>                   |                    |                    |
| Fund managers' fees  | 17,688,444         | 18,671,173         |
| Custodian's fees   | 6,561,000          | 6,654,811          |
|  | <b>24,249,445</b>  | <b>25,325,983</b>  |
| <b>7. Administrative expenses</b>                          |                    |                    |
| Meetings and allowances                                    | 17,171,061         | 15,728,589         |
| Trustees' travelling                                       | -                  | 3,073,675          |
| Trustees' education  | 5,676,547          | 829,216            |
| Trustees expenses  | 3,681,329          | -                  |
| AGM and member education                                   | 13,443,290         | 2,000              |
| Staff travelling   | 3,890,659          | 4,197,500          |
| Administration and processing:                             |                    |                    |
| - printing and stationery, postage, internet and telephone | 2,365,340          | 2,960,203          |
| - pensioners' bank cheques, charges and commissions        | 4,488,106          | 1,222,049          |
| - fund master license and system upgrades                  | 2,088,000          | 2,068,171          |
| Audit fees   | 2,235,132          | 2,144,063          |
| Computer server and maintenance                            | 872,883            | 1,199,011          |
| Election expenses  | -                  | 3,960,613          |
| Legal and professional fees                                | 50,489,522         | 60,881,401         |
| Consultancy fees   | 1,432,455          | 8,619,454          |
| Tendering expenses   | 1,365,000          | 362,500            |
| Conference fees  | 770,220            | 1,186,254          |
| Donations  | -                  | 555,000            |
| Office expenses  | 2,312,208          | 3,376,388          |
| Staff costs  | 60,896,792         | 41,919,661         |
| Staff gratuity earned                                      | 11,498,839         | -                  |
| Brokerage commission                                       | 155,324            | 253,358            |
| Customer care week expense                                 | 215,329            | -                  |
| Tax advisory   | 2,296,900          | -                  |
| Actuarial fees   | 3,546,585          | 3,485,438          |
| Delinking expenses   | 1,439,040          | 10,296,267         |
| Specific provision for bad debts                           | -                  | -                  |
| Auctioneer fees  | 86,760             | 84,899             |
| RBA levy   | 5,000,000          | 5,000,000          |
| Fines & penalties  | 310,552            | 62,876             |
| Depreciation on motor vehicle and equipments               | 12,893,153         | 2,826,025          |
| Advertising  | 2,857,848          | 2,177,818          |
| APTAK sponsorship  | 200,000            | -                  |
| EDRMS support  | 422,762            | -                  |
| Subscription fees  | 1,185,000          | 1,282,500          |
| Motor vehicle expenses                                     | 662,468            | 284,623            |
| Armotisation of intangible assets                          | 833,464            | 800,400            |
| Internal audit expenses                                    | 625,171            | -                  |
| Last expense insurance                                     | 366,667            | -                  |
|  | <b>217,774,403</b> | <b>180,839,952</b> |

**NOTES (CONTINUED)**

| 8. Investment properties       | 2021<br>Shs           | 2020<br>Shs           |
|--------------------------------|-----------------------|-----------------------|
| At start of year               | 11,592,451,360        | 11,303,500,000        |
| Additions                      | -                     | 288,951,360           |
| Re-statement                   | (56,400,000)          | -                     |
| Assets held for sale (Note 10) | <u>(250,200,000)</u>  | <u>-</u>              |
| At end of year                 | <u>11,285,851,360</u> | <u>11,592,451,360</u> |

Investment properties were professionally valued in July 2019 by Rubiland Limited independent registered valuers

The properties were valued on the basis of open market value. The book values of the properties were adjusted to the revaluations and the resultant deficit was debited to the statement of changes in net assets available for benefits

The fair valuation of property, plant and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs for plant & machinery. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year

In accordance with the requirements of the Retirement Benefits Act, valuations of investment properties are to be carried out every 3 years. The next valuation is therefore due in 2022.

Titles to the properties transferred from the sponsor are registered in the scheme's name. All other documents of title are in the name of Kenya Commercial Bank Nominees Limited as custodian trustee of Kenya Cargo Handling Services Limited Staff Pension Scheme and are in the process of being transferred to Kenya Ports Authority Pension Scheme.

There was no existence of restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal of investment properties. There were no contractual obligations to purchase or for repairs, maintenance or enhancements

Amounts included under the statement of changes in net amounts available for benefits which comprise gross rental income less direct rental expenses in respect of the investment properties are disclosed in Note 4.

The scheme leases out all its investment property under operating leases.

9. Motor vehicles and equipment

Year ended 31 December 2021

|                       | Computers<br>Shs | Equipment<br>Shs | Motor vehicle<br>Shs | Total<br>Shs |
|-----------------------|------------------|------------------|----------------------|--------------|
| <b>Cost</b>           |                  |                  |                      |              |
| At start of year      | 4,212,922        | 70,409,242       | 7,997,796            | 82,619,960   |
| Additions             | 3,247,013        | 793,360          | -                    | 4,040,372    |
| At end of year        | 7,459,935        | 71,202,602       | 7,997,796            | 86,660,333   |
| <b>Depreciation</b>   |                  |                  |                      |              |
| At start of year      | 4,151,801        | 13,129,339       | 3,164,490            | 20,445,630   |
| Charge for the year   | 710,523          | 11,193,199       | 989,432              | 12,893,153   |
| At end of year        | 4,862,324        | 24,322,538       | 4,153,922            | 33,338,784   |
| <b>Net book value</b> | 2,597,611        | 46,880,064       | -                    | 53,321,549   |

The gross carrying amount of fully depreciated Motor vehicles and equipment amounted to Sh 3,050,638.

Year ended 31 December 2020

|                       | Computers<br>Shs | Equipment<br>Shs | Motor vehicle<br>Shs | Total<br>Shs |
|-----------------------|------------------|------------------|----------------------|--------------|
| <b>Cost</b>           |                  |                  |                      |              |
| At start of year      | 4,212,922        | 15,110,988       | 3,050,638            | 22,374,548   |
| Additions             | -                | 55,298,254       | 4,947,158            | 60,245,412   |
| At end of year        | 4,212,922        | 70,409,242       | 7,997,796            | 82,619,960   |
| <b>Depreciation</b>   |                  |                  |                      |              |
| At start of year      | 4,002,842        | 10,566,126       | 3,050,638            | 17,619,606   |
| Charge for the year   | 148,960          | 2,563,213        | 113,852              | 2,826,025    |
| At end of year        | 4,151,801        | 13,129,339       | 3,164,490            | 20,445,630   |
| <b>Net book value</b> | 61,121           | 57,279,903       | -                    | 62,174,330   |

10. Assets classified as held for sale

Some Scheme's investment property are held for sale following approval by the board of trustees .

|                                 | 2021<br>Shs | 2020<br>Shs   |
|---------------------------------|-------------|---------------|
| Property held for sale (Note 8) |             |               |
| At start of year                | 284,000,000 | 1,170,595,000 |
| Additions / disposals           | 281,400,000 | (886,595,000) |
| Disposals                       | -           | -             |
| At end of year                  | 565,400,000 | 284,000,000   |

**NOTES (CONTINUED)**

**11. Plan investments**

|                                      | 2021<br>Shs          | 2020<br>Shs          |
|--------------------------------------|----------------------|----------------------|
| Shares                               | 2,581,145,945        | 2,817,068,993        |
| Kenya government securities          | 6,228,602,583        | 6,012,205,194        |
| Commercial paper and corporate bonds | -                    | -                    |
| Reits                                | -                    | 18,284,316           |
| Fixed term bank deposits (Note 14)   | 130,291,561          | 564,950,836          |
|                                      | <u>8,940,040,089</u> | <u>9,412,509,338</u> |

The following table analyses the movement of plan investments during the year.

**Year ended 31 December 2021**

|                                      | As previously<br>reported<br>Shs | Restatement<br>adjustment<br>Shs | Restated<br>Shs      | Purchases<br>at cost<br>Shs | Disposals/<br>maturity<br>Shs | Gain on<br>disposal<br>Shs | Change in<br>fair value<br>Shs | Fair value gain<br>Loss on disposal<br>Shs | Value at<br>end of year<br>Shs |
|--------------------------------------|----------------------------------|----------------------------------|----------------------|-----------------------------|-------------------------------|----------------------------|--------------------------------|--|--------------------------------|
| Shares                               |                                  |                                  |                      |                             |                               |                            |                                |  |                                |
| - unquoted investments               | 262,992,000                      | -                                | 262,992,000          | -                           | -                             | -                          | (6,299,200)                    | -  | 256,692,800                    |
| - quoted shares (Kenya and Uganda)   | 2,554,076,993                    | -                                | 2,554,076,993        | 32,497,778                  | (575,094,580)                 | 238,067,179                | 31,947,681                     | 42,958,094                                 | 2,324,453,145                  |
| Kenya government securities          | 6,012,205,194                    | -                                | 6,012,205,194        | 1,023,706,146               | (658,261,480)                 | (172,095,457)              | 3,944,652                      | 19,103,528                                 | 6,228,602,583                  |
| Commercial paper and corporate bonds | -                                | -                                | -                    | -                           | -                             | -                          | -                              | -  | -                              |
| Reits                                | 18,284,316                       | -                                | 18,284,316           | -                           | (22,124,708)                  | -                          | 3,840,392                      | -  | -                              |
|                                      | <u>8,847,558,502</u>             | <u>-</u>                         | <u>8,847,558,502</u> | <u>1,056,203,924</u>        | <u>(1,255,480,767)</u>        | <u>65,971,723</u>          | <u>39,732,725</u>              | <u>62,061,622</u>                          | <u>8,809,748,528</u>           |

**Year ended 31 December 2020**

|                                      |                      |                |                      |                    |                        |                   |                      |                  |                      |
|--------------------------------------|----------------------|----------------|----------------------|--------------------|------------------------|-------------------|----------------------|------------------|----------------------|
| Shares                               |                      |                |                      |                    |                        |                   |                      |                  |                      |
| - Unquoted investments               | 262,992,000          | -              | 262,992,000          | -                  | -                      | -                 | -                    | -                | 262,992,000          |
| - Quoted shares (Kenya and Uganda)   | 2,834,172,482        | -              | 2,834,172,482        | 140,377,045        | (73,014,869)           | 19,602,578        | (368,247,262)        | 1,187,019        | 2,554,076,993        |
| Kenya government securities          | 6,486,521,540        | 101,565        | 6,486,419,975        | 696,959,423        | (1,236,323,900)        | 73,006,714        | (7,857,018)          | -                | 6,012,205,194        |
| Commercial paper and corporate bonds | 238,388,835          | -              | 238,388,835          | -                  | (235,797,600)          | (2,591,235)       | -                    | -                | -                    |
| Reits                                | 30,539,698           | -              | 30,539,698           | -                  | -                      | -                 | (12,255,382)         | -                | 18,284,316           |
|                                      | <u>9,852,614,555</u> | <u>101,565</u> | <u>9,852,512,990</u> | <u>837,336,467</u> | <u>(1,545,136,369)</u> | <u>90,018,057</u> | <u>(388,359,663)</u> | <u>1,187,019</u> | <u>8,847,558,502</u> |

In the opinion of the trustees, the carrying value of plan investments are carried at ultimate redemption value.

Included in unquoted investments is an amount of Shs 200,000,000 in respect of investment Bellevue development project. The agreement was to charge interest at 8%, no interest has been accrued on this investment

**NOTES (CONTINUED)**

**11 Plan investment (continued)**

The following table analyses financial assets other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period at 31 December 2021 to the contractual maturity date.

|                                      | Up to 1 year<br>Shs | 1 - 5 years<br>Shs   | Over 5 years<br>Shs  | Total<br>Shs         |
|--------------------------------------|---------------------|----------------------|----------------------|----------------------|
| Kenya government securities          | 836,892,570         | 2,173,065,207        | 3,218,644,806        | 6,228,602,583        |
| Commercial paper and corporate bonds | -                   | -                    | -                    | -                    |
|                                      | <u>836,892,570</u>  | <u>2,173,065,207</u> | <u>3,218,644,806</u> | <u>6,228,602,583</u> |

**12. Intangible assets**

| <b>Software costs</b> | <b>2021<br/>Shs</b>     | <b>2020<br/>Shs</b>     |
|-----------------------|-------------------------|-------------------------|
| <b>Cost</b>           |                         |                         |
| At start of year      | 8,004,000               | 8,004,000               |
| Additions             | <u>330,637</u>          | -                       |
| At end of year        | <u>8,334,637</u>        | <u>8,004,000</u>        |
| <b>Cost</b>           |                         |                         |
| At start of year      | 2,401,200               | 1,600,800               |
| Charge for the year   | <u>833,464</u>          | <u>800,400</u>          |
| At end of year        | <u>3,234,664</u>        | <u>2,401,200</u>        |
| <b>Net book value</b> | <b><u>5,099,973</u></b> | <b><u>5,602,800</u></b> |

The software relates to electronic document management system.

**13. Receivables and accrued income**

|   | <b>2021<br/>Shs</b>  | <b>2020<br/>Shs</b>  |
|---|----------------------|----------------------|
| Rent receivable                         | 148,464,061          | 136,797,273          |
| Less: specific provision for bad debts  | <u>(97,534,838)</u>  | <u>(97,534,838)</u>  |
| Net rent receivable                     | 50,929,223           | 39,262,436           |
| Other rent receivables                  | 12,983,759           | 12,983,759           |
| Service charge receivables              | 26,913,398           | 49,498,669           |
| Receivables under development projects  | 1,834,777,485        | 1,780,447,885        |
| Utilities deposits                      | 3,310,302            | 3,310,302            |
| Prepayments                             | 7,553,738            | 1,740,619            |
| Related parties                         | 23,036,587           | -                    |
| Dividends Receivable                    | 8,967,670            | -                    |
| ERP System Implementation-W.I.P.        | <u>7,267,986</u>     | <u>-</u>             |
|   | <u>1,975,740,148</u> | <u>1,887,243,670</u> |
| <b>Movement in impairment provision</b> |                      |                      |
| At start of year                        | 97,534,838           | 108,406,166          |
| Additions                               | -                    | -                    |
| Recoveries                              | <u>-</u>             | <u>(10,871,328)</u>  |
|   | <u>97,534,838</u>    | <u>97,534,838</u>    |

**NOTES (CONTINUED)**

**13. Receivables and accrued income (continued)**

In the opinion of the trustees, the carrying amounts of receivables and accrued income approximate to their value

The carrying amounts of scheme's other receivables and accrued income are denominated in Kenya

The trustees have identified certain specific bad debts from the property managers' reports and have made specific provisions against these balances. The trustees have also deemed it prudent to maintain a general provision for bad debts

Trustees have made a provision for all receivables above 90 days and those receivables whose recovery is in doubt.

Belle Vue project balance relates to various expenditure incurred by the Scheme on the projects. The amounts will be repaid when the projects are completed.

Receivables under development properties relates to parcels of land previously owned by the scheme transferred to property developers under a special purpose vehicle agreement with the objective of building housing units. Upon completion of the housing units, the scheme would be compensated the value of land at a premium.

The parcels of land under development is analysed as follows:

| <b>Project</b>   | <b>Land Reference Number</b> | <b>Cost Shs</b>           |
|------------------|------------------------------|---------------------------|
| Bombolulu        | MSA/123/MN/I                 |                           |
|                  | LR. No. 209/12736            |                           |
|                  | LR. No. 209/12737            | 31,400,000                |
| Nairobi South C  | LR. No. 209/12738            | 78,500,000                |
| Bellevue phase 1 | LR/209/10479                 | 98,800,000                |
| Bellevue phase 2 | LR/209/10478                 | 116,091,253               |
| Bellevue phase 3 | LR/209/10477                 | 59,300,000                |
|                  |                              | <u><b>384,091,253</b></u> |

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The scheme does not hold any collateral as security.

**14. Cash and cash equivalents**

|              | <b>2021<br/>Shs</b> | <b>2020<br/>Shs</b> |
|--------------|---------------------|---------------------|
| Cash at bank | <u>288,628,015</u>  | <u>214,336,626</u>  |

For the purposes of statement of cash flows, the year-end cash and fixed term bank deposits comprise the following:

|                                    |                           |                           |
|------------------------------------|---------------------------|---------------------------|
| Cash and bank                      | <u>288,628,015</u>        | <u>214,336,626</u>        |
| Fixed term bank deposits (Note 11) | <u>130,291,561</u>        | <u>564,950,836</u>        |
|                                    | <u><b>418,919,576</b></u> | <u><b>779,287,462</b></u> |

The scheme's cash and bank balances are held with major Kenyan financial institutions and, insofar as the trustees are able to measure any credit risk to these assets, it is deemed to be limited.

**NOTES (CONTINUED)**

| 15 Payables and accrued expenses                 | 2021<br>Shs               | 2020<br>Shs               |
|--|---------------------------|---------------------------|
| Rent deposits                                    | 46,425,083                | 37,520,585                |
| Due to Domestic Taxes Department                 | 57,717,657                | 59,582,882                |
| Accrued expenses                                 | 201,308,580               | 61,982,100                |
| Related parties                                  | -                         | 12,412,933                |
| Tender Security deposits                         | 53,010                    | 53,010                    |
| RBA levy   | 5,000,000                 | 5,000,000                 |
| Investment property sale deposit                 | 280,216,225               | 84,076,225                |
| Nairobi South C project                          | 87,951,442                | 87,951,442                |
| Bombolulu project                                | 48,219,678                | 48,219,678                |
| <b>Total other payables and accrued expenses</b> | <b><u>726,891,674</u></b> | <b><u>396,798,855</u></b> |

Nairobi South C project and Bombolulu project relates to money deposited in the scheme's bank account by some third parties who purchased housing units.

In the opinion of the trustees, the carrying amounts of payables and accrued expenses approximate to their fair value.

The maturity analysis of other payables and accrued expenses is as follows:

| Year ended 31 December 2021        | 3 to 12<br>months<br>Shs  | Over 1 year<br>Shs        | Total<br>Shs              |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Rent deposits                      | 9,738,592                 | 36,686,491                | 46,425,083                |
| Due to Domestic Taxes Department   | 24,485,956                | 24,503,579                | 48,989,535                |
| Accrued expenses                   | 177,087,458               | 32,949,243                | 210,036,702               |
| Related parties                    | -                         | -                         | -                         |
| Tender Security deposits           | -                         | 53,010                    | 53,010                    |
| RBA levy                           | 5,000,000                 | -                         | 5,000,000                 |
| Investment property sale deposit   | 196,140,000               | 84,076,225                | 280,216,225               |
| Nairobi South C project            | -                         | 87,951,442                | 87,951,442                |
| Bombolulu project                  | -                         | 48,219,678                | 48,219,678                |
|                                    | <b><u>412,452,006</u></b> | <b><u>314,439,668</u></b> | <b><u>726,891,674</u></b> |
| <b>Year ended 31 December 2020</b> |                           |                           |                           |
| Rent deposits                      | -                         | 37,520,585                | 37,520,585                |
| Accrued expenses                   | 126,564,982               | -                         | 126,564,982               |
| Tender Security deposits           | -                         | 53,010                    | 53,010                    |
| Due to related party               | 12,412,933                | -                         | 12,412,933                |
| Investment property sale deposit   | 84,076,225                | -                         | 84,076,225                |
| Nairobi Project                    | -                         | 87,951,442                | 87,951,442                |
| Bombolulu project                  | -                         | 48,219,678                | 48,219,678                |
|                                    | <b><u>223,054,140</u></b> | <b><u>173,744,715</u></b> | <b><u>396,798,855</u></b> |

**16 Related party transactions and balances**

Related parties comprise the trustees, the administrator and the sponsor.

| The following transactions were carried out with related parties during the year: | 2021<br>Shs              | 2020<br>Shs             |
|---|--------------------------|-------------------------|
| (i) - Kenya Ports Authority-outstanding staff costs refunds                       | -                        | 8,892,942               |
| (ii) - KPARBS 2012-Outstanding expenses refund                                    | 23,036,587               | 3,519,991               |
|   | <b><u>23,036,587</u></b> | <b><u>3,519,991</u></b> |

**NOTES (CONTINUED)**

|    |  |                   |                   |
|----|--|-------------------|-------------------|
| 17 | <b>Related party transactions and balances (continued)</b> | <b>2021</b>       | <b>2020</b>       |
|    |  | <b>Shs</b>        | <b>Shs</b>        |
|    | ii) <b>Key management compensation</b>                     |                   |                   |
|    | Meetings and allowances                                    | <u>11,000,000</u> | <u>12,060,167</u> |

Key management are the board of Trustees who are entitled to a sitting allowance for Board meetings attendance.

**18 Investments guidelines**

The Retirement Benefits Authority has issued guidelines stating the maximum amount of investment that the scheme can invest in a particular asset as a percentage of the aggregate market value of net assets of scheme. The table below shows the current investment in assets compared to the investment guidelines issued by the Retirement Benefits Authority.

| Category of asset                    | 2021<br>%    | 2020<br>%    | Maximum<br>investment as<br>per RBA<br>% |
|--------------------------------------|--------------|--------------|--|
| Cash and demand deposits             | 1.6%         | 2.6%         | 5  |
| Fixed and time deposits              | 0.4%         | 1.0%         | 30                                       |
| Commercial paper and corporate bonds | 0.0%         | 0.0%         | 15                                       |
| Kenya Government securities          | 29.8%        | 28.0%        | 70                                       |
| Shares - Kenya                       | 10.7%        | 11.5%        | 70                                       |
| Private equity                       | 0.4%         | 0.3%         | 15                                       |
| Shares - unquoted                    | 0.3%         | 1.2%         | 5  |
| Reits                                | 0.0%         | 0.1%         | 30                                       |
| Immovable properties                 | <u>55.8%</u> | <u>54.2%</u> | <u>30</u>                                |

The trustees are aware that investment in investment property is more than that stipulated in the Retirement Benefits Act and are working towards restructuring the scheme's investments portfolio to ensure that it complies with the Retirement Benefits Act.

**19 Tax status of the scheme**

Kenya Ports Authority Pension Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income.

**20 Contingent liabilities**

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 31 December 2021, except as disclosed below:

The scheme is a defendant/plaintiff in various legal actions. Although there can be no absolute assurances, the trustees believe, based on information currently available, that the ultimate resolution of these legal proceedings is not likely to have a material adverse effect on the results of its operations, financial position or liquidity.

**21 Actuarial position**

The last actuarial valuation was carried out as at 31 December 2020 in May 2021 by Zamara Actuaries, Administrators and Consultants Limited, an independent firm of actuaries, using the projected unit credit method. According to the valuation as at that date, the actuarial present value of promised benefits was as follows:

**NOTES (CONTINUED)**

| 22 Actuarial position | 2020<br>Shs                  | 2019<br>Shs                  |
|-----------------------|------------------------------|------------------------------|
| Vested benefits       | 12,163,000,000               | 11,355,000,000               |
| Non vested benefits   | <u>15,278,000,000</u>        | <u>16,588,000,000</u>        |
| <b>Total</b>          | <u><u>27,441,000,000</u></u> | <u><u>27,943,000,000</u></u> |

The fair value of the net assets available for benefits was Shs 23,062,000,000 (2019 :Shs 24,032,900,000) resulting in deficit of Shs 4,379,000,000 (2019 :Shs 3,909,600,000)

A remedial plan to reduce the actuarial deficit has not been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

**23 Risk management objectives and policies**

**Financial risk management**

The scheme's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the scheme's financial performance.

Risk management is carried out by the fund managers appointed by the trustees. The trustees and fund managers identify, evaluate and hedge financial risks.

## NOTES (CONTINUED)

### 23 Risk management objectives and policies (continued)

#### a) Market risk

##### *Foreign exchange risk*

A proportion of the scheme's financial assets are held in foreign currency. These comprise quoted shares held offshore as disclosed in Note 10.

At 31 December 2021, if the Kenya Shilling had weakened 10 per cent against the US dollar and the Uganda Shilling with all other variables held constant, the increase in net assets available for benefits for the year would have been Shs nil (2020: nil) higher/lower.

##### *Interest rate risk*

A proportion of the scheme's financial assets which include Kenya Government securities, commercial papers and corporate bonds, and fixed and time deposits are interest earning assets.

At 31 December 2021, an increase/decrease in interest rates of 100 basis points with all other variables held constant would have resulted in a decrease/ increase in the increase in net assets available for benefits of Shs 62,286,026 (2020: Shs 60,122,052) arising substantially from the change in market value of debt securities

#### b) Price risk

The Scheme is exposed to equity price risk in respect of its investments in quoted shares. The exposure to price risk is managed primarily by setting limits on the percentage of the net assets available for benefits that may be invested in equity and by ensuring sufficient diversity of the investment portfolio.

At 31 December 2021, if the prices of all equity investments had increased/decreased by 1% with all other variables held constant, the increase in net assets available for benefits for the year would have been Shs 23,244,531 (2020 25,540,770) higher/lower.

#### c) Credit risk

Credit risk arises from investments other than equity investments, contributions due, other receivables and cash and cash equivalents. The scheme does not have any significant concentrations of credit risk. The investment manager assesses the credit quality for each investment, taking into account its age and liability profile, past experience and other factors.

#### d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The scheme maintains adequate amounts of cash and cash equivalents to pay off liabilities (except for pension liabilities falling due after the balance sheet date) as they fall due. The actuarial position of the scheme which deals with the actuarial present value of promised benefits is disclosed in Note 22.

#### e) Fair value measurements

The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values. The table below shows an analysis of all assets and liabilities for which fair value is measured or disclosed in the financial statements by level hierarchy. The fair values are grouped into three levels as mentioned in Note 1 of these financials, based on the degree to which the fair value is observable. The table below gives information about how the the fair values of these assets and liabilities are determined.

**NOTES (CONTINUED)**

**23 Risk management objectives and policies (continued)**

**e) Fair value measurements (continued)**

| <b>Year ended 31 December 2021</b>   | <b>Level 1<br/>Shs</b> | <b>Level 2<br/>Shs</b> | <b>Level 3<br/>Shs</b> | <b>Totals<br/>Shs</b> |
|--------------------------------------|------------------------|------------------------|------------------------|-----------------------|
| <b>Financial assets</b>              |                        |                        |                        |                       |
| Shares                               |                        |                        |                        |                       |
| - unquoted investments               | -                      | -                      | 256,692,800            | 256,692,800           |
| - quoted shares (Kenya)              | 2,324,453,145          | -                      | -                      | 2,324,453,145         |
| Kenya government securities          | -                      | 6,228,602,583          | -                      | 6,228,602,583         |
| Commercial paper and corporate bonds | -                      | -                      | -                      | -                     |
|                                      | <u>2,324,453,145</u>   | <u>6,228,602,583</u>   | <u>256,692,800</u>     | <u>8,809,748,528</u>  |
| <b>Year ended 31 December 2020</b>   |                        |                        |                        |                       |
|                                      | <b>Level 1<br/>Shs</b> | <b>Level 2<br/>Shs</b> | <b>Level 3<br/>Shs</b> | <b>Totals<br/>Shs</b> |
| <b>Financial assets</b>              |                        |                        |                        |                       |
| Shares                               |                        |                        |                        |                       |
| - unquoted investments               | -                      | -                      | 262,992,000            | 262,992,000           |
| - quoted shares (Kenya)              | 2,554,076,993          | -                      | -                      | 2,554,076,993         |
| Kenya government securities          | -                      | 6,012,205,194          | -                      | 6,012,205,194         |
| Commercial paper and corporate bonds | -                      | -                      | -                      | -                     |
|                                      | <u>2,554,076,993</u>   | <u>6,012,205,194</u>   | <u>262,992,000</u>     | <u>8,829,274,186</u>  |

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on arm's length basis. The quoted market prices used for financial assets held by the Scheme is the current market price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cashflow analysis. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**24 Commitments**

There were no contractual obligations to purchase or for repairs, maintenance or enhancements

## NOTES (CONTINUED)

### 25 Fund management

The scheme's objectives when managing fund are:

- to comply with The Retirement Benefit (Occupational Retirement Benefit Schemes) Regulations, 2000 made under Retirement Benefit Act, 1997.
- to safeguard the scheme's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other stakeholders

The Retirement Benefits Act requires the scheme's trustees to invest members' funds using prudent investment policies that will get the members market rates on their investments. The scheme's compliance with this requirement has been disclosed in Note 18.

The scheme sets the amount of the fund in proportion to risk. The scheme manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The fund comprises members' funds.

### 26 Presentation currency

The financial statements are presented in Kenya Shillings (Shs), except where indicated otherwise.

### 27 Events after the reporting period

The Trustees are not aware of events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

### 28 General information

The Kenya Ports Authority Pension Scheme was established by an original Trust Deed which became operational on 1 January 1998. The original Trust deed was amended effective from 1 July 2002. The scheme which is registered under the Income Tax (Retirement Benefits) Rules incorporates predecessor schemes, namely the East Africa Cargo Handling Services Limited Staff Pension Scheme and the Kenya Cargo Handling Services Limited Staff Pension Scheme in whose books of account, the assets and liabilities are maintained by the trustees. The trustees are in the process of effecting the necessary legal transfers of the assets and liabilities.

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LISTING OF INVESTMENT PROPERTIES

| PROPERTY                       | LOCATION                                     | 2021<br>Shs          | 2020<br>Shs          |
|--------------------------------|--|----------------------|----------------------|
| 1 MN/Sec 1/1660                | Mombasa Mbuni Road-Nyali                     | 72,400,000           | 72,400,000           |
| 2 MN/Sec 1/1662                | Mombasa Mbuni Road-Nyali                     | 72,400,000           | 72,400,000           |
| 3 MN/Sec 1/2505                | Mombasa Kittaruni Road-Nyali                 | 21,500,000           | 21,500,000           |
| 4 MN/Sec 1/2506                | Mombasa Kittaruni Road-Nyali                 | 23,400,000           | 23,400,000           |
| 5 MN/Sec 1/2512                | Mombasa Kittaruni Road-Nyali                 | 29,800,000           | 29,800,000           |
| 6 MN/Sec 1/1592                | Mombasa Simba Road-Nyali                     | -                    | -                    |
| 7 MN/Sec 1/2509                | Mombasa Kittaruni Road-Nyali                 | -                    | -                    |
| 8 MN/Sec 1/2511                | Mombasa Kittaruni Road-Nyali                 | 21,600,000           | 21,600,000           |
| 9 MN/Sec 1/1605                | Mombasa Kasuku Road-Nyali                    | 72,000,000           | 72,000,000           |
| 10 MN/Sec 1/1604               | Mombasa Kasuku Road-Nyali                    | 72,000,000           | 72,000,000           |
| 11 MN/Sec 1/1339               | Mombasa Off Bandari-Nyali                    | 72,400,000           | 72,400,000           |
| 12 MN/Sec 1/533                | Mombasa Jamhuri Road-Nyali                   | 148,800,000          | 148,800,000          |
| 13 MN/Sec 1/724                | Mombasa Links Road-Nyali                     | 108,200,000          | 108,200,000          |
| 14 MN/Sec 1/1332               | Mombasa Mukoma Road off Kongoni Road-Nyali   | 61,000,000           | 61,000,000           |
| 15 MN/Sec 1/1334               | Mombasa Off Kongoni Road-Nyali               | 75,800,000           | 75,800,000           |
| 16 MN/Sec 1/1338               | Mombasa Off Bandari-Nyali                    | -                    | 72,200,000           |
| 17 MN/Sec 1/1352               | Mombasa Off Makongeni Road-Nyali             | 64,600,000           | 64,600,000           |
| 18 MN/Sec 1/1353               | Mombasa Off Makongeni Road-Nyali             | -                    | -                    |
| 19 MN/Sec 1/1351               | Mombasa Off Makongeni Road-Nyali             | 64,500,000           | 64,500,000           |
| 20 MN/Sec 1/1350               | Mombasa Off Makongeni Road-Nyali             | 64,800,000           | 64,800,000           |
| 21 MN/Sec 1/1345               | Mombasa Off Makongeni Road-Nyali             | 62,400,000           | 62,400,000           |
| 22 MN/ Sec 1/2513              | Mombasa Kittaruni Road-Nyali                 | 30,700,000           | 30,700,000           |
| 23 MN/Sec 1/3960               | Mombasa Off Mt. Kenya Road-Nyali             | -                    | -                    |
| 24 MN/Sec 1/3188               | Mombasa 5th Avenue-Nyali                     | 72,500,000           | 72,500,000           |
| 25 MN/Sec 1/3185               | Mombasa 5th Avenue-Nyali                     | 72,500,000           | 72,500,000           |
| 26 MN/Sec 1/3184               | Mombasa 5th Avenue-Nyali                     | 71,600,000           | 71,600,000           |
| 27 MN/Sec 1/2523               | Mombasa Kittaruni Road-Nyali                 | 24,400,000           | 24,400,000           |
| 28 M/B XXI/542,545 & 546       | Mombasa Off Archbishop Makarios Road-Ganjoni | 106,800,000          | 106,800,000          |
| 29 MN/Sec 1/1286               | Mombasa Links Road-Nyali                     | 110,000,000          | 110,000,000          |
| 30 MN/Sec 1/534                | Mombasa Off Jamhuri Road-Nyali               | 162,600,000          | 162,600,000          |
| 31 M/B XXV/119                 | Mombasa Dedan Kimathi Estate Road            | 1,295,400,000        | 1,295,400,000        |
| 32 M/B X/323                   | Mombasa Rassini Road-Tudor area              | -                    | -                    |
| 33 M/B XXVI/1000               | Mombasa Kaunda Street-Kizingo                | 340,200,000          | 340,200,000          |
| 34 M/B XXVI/328                | Mombasa Margaret Avenue-Kizingo              | 182,600,000          | 182,600,000          |
| 35 M/B XXVI/53                 | Mombasa Tritton Road-Kizingo                 | 252,300,000          | 252,300,000          |
| 36 M/B X/322                   | Mombasa Rassini Road-Tudor area              | -                    | -                    |
| 37 L.R.No 1870/IX/118          | Nairobi Bandari Plaza-Westlands              | 932,000,000          | 932,000,000          |
| 38 M/B XXI/435,436,437 & 508   | Mombasa Cannon House 1 & 2-Moi avenue        | 880,000,000          | 880,000,000          |
| 39 L.R.No 7785/304             | Nairobi Runda Estate-Off Runda Grove         | -                    | -                    |
| 40 L.R.No 209/384/4            | Nairobi Nyaku House-Hurlingham               | 706,000,000          | 706,000,000          |
| 41 M/B XXI/64                  | Mombasa Rex House-Moi avenue                 | 142,000,000          | 142,000,000          |
| 42 L.R.No 7785/305             | Nairobi Runda Estate-Off Runda Grove         | -                    | -                    |
| 43 M/B XX/149                  | Mombasa Motor Mart Building-Moi avenue       | 78,000,000           | 78,000,000           |
| 44 M/B XX/150                  | Mombasa Motor Mart Building-Moi avenue       | 78,000,000           | 78,000,000           |
| 45 M/B XX/151                  | Mombasa Motor Mart Building-Moi avenue       | 78,000,000           | 78,000,000           |
| 46 M/B XXV/86                  | Mombasa NSSF Plots-Off Security lane         | 162,000,000          | 162,000,000          |
| 47 M/B XXV/93                  | Mombasa NSSF Plots-Off Security lane         | 158,000,000          | 158,000,000          |
| 48 L.R. Number 209/378/10      | Nairobi Hurlingham Court-Hurlingham          | 724,000,000          | 724,000,000          |
| 49 M/B XI/582                  | Mombasa Wakauma Avenue-Tudor area            | 23,400,000           | 23,400,000           |
| 50 M/B XI/580                  | Mombasa Wakauma /Msaada Avenue-Tudor area    | 23,400,000           | 23,400,000           |
| 51 M/B XI/579                  | Mombasa Wakauma /Msaada Avenue-Tudor area    | 27,800,000           | 27,800,000           |
| 52 M/B XI/578                  | Mombasa Wakauma Avenue-Tudor area            | 27,800,000           | 27,800,000           |
| 53 M/B XI/581                  | Mombasa Wakauma /Msaada Avenue-Tudor area    | 23,400,000           | 23,400,000           |
| 54 M/B XXVI/30                 | Mombasa Kaunda Avenue-Kizingo                | 102,300,000          | 102,300,000          |
| 55 M/B XXVI/50                 | Mombasa Kaunda Avenue-Kizingo                | 198,500,000          | 198,500,000          |
| 56 M/B XXIII/216               | Mombasa Off Mbaraki Road-Mbaraki             | -                    | -                    |
| 57 M/B XXIII/217               | Mombasa Off Mbaraki Road-Mbaraki             | 68,200,000           | 68,200,000           |
| 58 M/B XXIII/215               | Mombasa Off Mbaraki Road-Mbaraki             | -                    | -                    |
| 59 M/B XXIII/214               | Mombasa Off Mbaraki Road-Mbaraki             | -                    | -                    |
| <b>Balance carried forward</b> |  | <b>8,262,000,000</b> | <b>8,334,200,000</b> |

LISTING OF INVESTMENT PROPERTIES

| PROPERTY                  | LOCATION |                                      | 2021<br>Shs           | 2020<br>Shs           |
|---------------------------|----------|--------------------------------------|-----------------------|-----------------------|
| <b>Brought forward</b>    |          |                                      | <b>8,262,000,000</b>  | <b>8,334,200,000</b>  |
| 60 M/B XXIII/219          | Mombasa  | Off Mbaraki Road-Mbaraki             | 61,200,000            | 61,200,000            |
| 61 M/B XX111/223          | Mombasa  | Off Mbaraki Road-Mbaraki             | 60,600,000            | 60,600,000            |
| 62 M/B XXIII/224          | Mombasa  | Off Mbaraki Road-Mbaraki             | 56,500,000            | 56,500,000            |
| 63 M/B XXIII/221          | Mombasa  | Off Mbaraki Road-Mbaraki             | 56,400,000            | 56,400,000            |
| 64 M/B XXIII/220          | Mombasa  | Off Mbaraki Road-Mbaraki             | 62,600,000            | 62,600,000            |
| 65 M/B XXIII/218          | Mombasa  | Off Mbaraki Road-Mbaraki             | 69,700,000            | 69,700,000            |
| 66 M/B XXIII/222          | Mombasa  | Off Mbaraki Road-Mbaraki             | 53,800,000            | 53,800,000            |
| 67 M/B XI/474             | Mombasa  | Tom Mboya/Wajir Road-Tudor area      | 58,000,000            | 58,000,000            |
| 68 M/B XI/475             | Mombasa  | Tom Mboya/Wajir Road-Tudor area      | 58,000,000            | 58,000,000            |
| 69 L.R.No 209/10216       | Nairobi  | KPA Bellevue Estate-Off Popo Road Sc | 1,616,800,000         | 1,616,800,000         |
| 70 L.R.No 10530/153       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 17,200,000            | 17,200,000            |
| 71 L.R.No 10530/89        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 72 L.R.No 10530/86        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 73 L.R.No 10530/87        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 74 L.R.No 10530/88        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 75 L.R.No 10530/151       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 76 L.R.No 10530/155       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 77 L.R.No 10530/156       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 78 L.R.No 10530/85        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 79 L.R.No 10530/148       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 17,200,000            | 17,200,000            |
| 80 L.R.No 10530/93        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 17,200,000            | 17,200,000            |
| 81 L.R.No 10530/91        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 82 L.R.No 10530/92        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 83 L.R.No 10530/150       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 84 L.R.No 10530/149       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 17,200,000            | 17,200,000            |
| 85 L.R.No 10530/152       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 17,200,000            | 17,200,000            |
| 86 L.R.No 10530.154       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 87 L.R.No 10530/90        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 17,200,000            |
| 88 L.R.No 10530/130       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 89 L.R.No 10530/57        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 90 L.R.No 10530/62        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 91 L.R.No 10530/55        | Nairobi  | Siwaka Estate-Off Ole Sangare Road*  | 15,600,000            | -                     |
| 92 L.R.No 10530/34        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 93 L.R.No 10530/40        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 94 L.R.No 10530/37        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 95 L.R.No 10530/31        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 96 L.R.No 10530/27        | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 97 L.R.No 10530/132       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 98 L.R.No 10530/128       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 99 L.R.No 10530/127       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 100 L.R.No 10530/69       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 101 L.R.No 10530/80       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 102 L.R.No 10530/68       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 103 L.R.No 10530/60       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 104 L.R.No 10530/52       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 105 L.R.No 10530/59       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 106 L.R.No 10530/39       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 107 L.R.No 10530/54       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | -                     |
| 108 L.R.No 10530/47       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 109 L.R.No 10530/56       | Nairobi  | Siwaka Estate-Off Ole Sangare Road*  | 15,600,000            | -                     |
| 110 L.R.No 10530/61       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 111 L.R.No 10530/50       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 112 L.R.No 10530/49       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 113 L.R.No 10530/29       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 114 L.R.No 10530/38       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 115 L.R.No 10530/44       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | -                     | 15,600,000            |
| 116 L.R.No 10530/65       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 117 L.R.No 10530/26       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 118 L.R.No 10530/30       | Nairobi  | Siwaka Estate-Off Ole Sangare Road   | 15,600,000            | 15,600,000            |
| 119 L.R.No 10530/53       | Nairobi  | Siwaka Estate-Off Ole Sangare Road*  | 15,600,000            | -                     |
| 120 MSA/BLOCK 1/2260/2262 | Mombasa  | Makande, Mombasa                     | 232,551,360           | 232,551,360           |
| 121 L.R.NO.MN/1/ 3153     | Mombasa  | Mnazi Moja, Nyali                    | 45,000,000            | 45,000,000            |
| 122 L.R. NO. 209/12015    | Nairobi  | Off Kaunda Street Nairobi            | 163,500,000           | 163,500,000           |
|                           |          |                                      | <b>11,285,851,360</b> | <b>11,592,451,360</b> |

\* Previously classified as sold now restated.

**LISTING OF ASSETS HELD FOR SALE**

| <b>PROPERTY</b>        | <b>LOCATION</b> | <b>2021<br/>Shs</b>                | <b>2020<br/>Shs</b> |                    |
|------------------------|-----------------|------------------------------------|---------------------|--------------------|
| 1 MN/Sec 1/2509        | Mombasa         | Kittaruni Road-Nyali               | 16,000,000          | 16,000,000         |
| 2 MN/Sec 1/1353        | Mombasa         | Off Makongeni Road-Nyali           | 45,000,000          | 45,000,000         |
| 3 MN/Sec 1/3960        | Mombasa         | Off Mt. Kenya Road-Nyali           | 55,000,000          | 55,000,000         |
| 4 M/B XXIII/214        | Mombasa         | Off Mbaraki Road-Mbaraki           | 38,000,000          | 38,000,000         |
| 5 L.R.No 10530/151     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 16,500,000          | 16,500,000         |
| 6 L.R.No 10530/152     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 16,500,000          | 16,500,000         |
| 7 L.R.No 10530/155     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 16,500,000          | 16,500,000         |
| 8 L.R.No 10530/132     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,500,000          | 15,500,000         |
| 9 L.R.No MSA/XVIII/335 | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 65,000,000          | 65,000,000         |
| 10 L.R.No 10530/156    | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 17,200,000          | -                  |
| 11 L.R.No 10530/91     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 17,200,000          | -                  |
| 12 L.R.No 10530/92     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 17,200,000          | -                  |
| 13 L.R.No 10530/150    | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 17,200,000          | -                  |
| 14 L.R.No 10530/130    | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 15 L.R.No 10530/62     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 16 L.R.No 10530/128    | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 17 L.R.No 10530/127    | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 18 L.R.No 10530/52     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 19 L.R.No 10530/54     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 20 L.R.No 10530/47     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 21 L.R.No 10530/61     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 22 L.R.No 10530/44     | Nairobi         | Siwaka Estate-Off Ole Sangare Road | 15,600,000          | -                  |
| 23 MN/Sec 1/1338       | Mombasa         | Off Bandari-Nyali                  | 72,200,000          | -                  |
|                        |                 |                                    | <b>565,400,000</b>  | <b>284,000,000</b> |