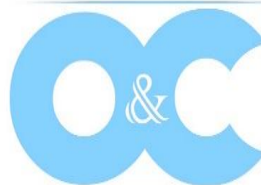




## **KENYA PORTS AUTHORITY PENSION SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE  
ENDED YEAR 31 DECEMBER 2022**



**Obiria and Company**  
Certified Public Accountants

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## SCHEME INFORMATION

<b>TRUSTEES</b>	: Mr. Yobesh Oyaro (Retired on 13 May 2022) : Mr. Alex Ole Leteipan (Appointed on 03 October 2020) : Mr. Daniel Ogutu (Retired on 13 May 2022) : 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) : Mr. Conrad Thorpe (Appointed on 01 April 2022)
<b>CUSTODIAN</b>	: Kenya Commercial Bank Nominees Limited : C/O Kenya Commercial Bank Limited : P. O. Box 30664 - 00100 : Nairobi
<b>EMPLOYER/SPONSOR</b>	: Kenya Ports Authority : P. O. Box 95009 - 80104 : Mombasa
<b>AG. SCHEME ADMINISTRATOR</b>	: Bernard Kibet : Kenya Ports Authority Pension Scheme : Old Cannon Towers, 7th floor : Moi Avenue : P. O. Box 1019 - 80100 : Mombasa
<b>SECRETARY</b>	: Vincent Oweya Makaya : Kenya Ports Authority Pension Scheme : P. O. Box 1019 - 80100 : Mombasa
<b>ACTUARY</b>	: Actuarial Services E.A Limited : P. O. Box 10472 - 00100 : Nairobi
<b>FUND MANAGERS &amp; PROPERTY ADVISORY</b>	
1. Co – op Trust Investment Services Limited Co – operative House 13 <sup>th</sup> Floor P.O. Box 48231 – 00100, Nairobi Telephone: 020 3276416	2. Fusion Investment Management Limited 4th Floor, Ngong Towers P.O. Box 47538 – 00100, Nairobi
3. GenAfrica Asset Managers Limited 14 Riverside Business Park P.O. Box 79217 - 00200 GPO Nairobi	
<b>INDEPENDENT AUDITOR</b>	: 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                       | 16. M/s Oundo Muriuki Advocates                  |
| 2. M/s Kittony Maina Karanja & Company      | 17. M/s Munyithya Mutugi Umara & Muzna Advocates |
| 3. M/s S. M. Righa & Company                | 18. M/s Walubengo Waningilo & Company Advocates  |
| 4. M/s Lumatete Muchai & Company            | 19. M/s Hassan Alawi & Company Advocates         |
| 5. M/s Kipkenda & Company                   | 20. M/s Swanya & Company Advocates               |
| 6. M/s Miller and Company Advocates         | 21. M/s CIM Advocates LLP                        |
| 7. M/s CM Advocates LLP                     | 22. M/s Migos Ogamba & Waudu Advocates           |
| 8. M/s Nyiha Mukoma & Company               | 23. M/s Kimakia Magara Advocates LLP             |
| 9. M/s Robson Harris & Company              | 24. M/s Gathuka Ngugi Advocates                  |
| 10. M/s Muthee Soni & Associates            | 25. M/s Muhoro & Gitonga Advocates               |
| 11. M/s Namasaka & Kariuki Advocates        | 26. M/s Silas, Evans & Stevens Advocates LLP     |
| 12. M/s Munene Wambugu & Kiplagat Advocates | 27. M/s Abdulhakim & Company Advocates,          |
| 13. M/s Muchoki Kangata & Njenga Advocates  | 28. M/s J P Ngoya & Associates Advocates         |
| 14. M/s Triple OK Law Advocates             | 29. M/s Manyonga Wanyama & Associates LLP        |
| 15. M/s Munyao Muthama & Kashindi Advocates | 30. M/s Kimani & Muchiri Advocates               |

## 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 2022.

### 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% (2021: 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% (2021: 14.7%) of employees' pensionable salaries.

<b>SCHEME MEMBERSHIP</b>	<b>2022 Number</b>	<b>2021 Number</b>
Total Members		
Contributing members	431	566
Non-contributing members	2,918	2,552
Pensioners	4,354	4,155
Pension beneficiaries	1,563	1,730
	<u>9,266</u>	<u>9,003</u>
Contributing members		
At start of year	566	684
<b>Less:</b> Retired with pension	(104)	(89)
Died in service	(11)	(2)
Other secessionists	(20)	(27)
At end of year	<u>431</u>	<u>566</u>
Pensioners and pension beneficiaries		
At start of year	5,842	5,708
<b>Add:</b> Contributing members who retired	104	89
Widows, widowers and dependants pension becoming payable	54	202
<b>Less:</b> Ceased pensions	(83)	(157)
At end of year	<u>5,917</u>	<u>5,842</u>
<b>FINANCIAL REVIEW</b>	<b>2022 Shs</b>	<b>2021 Shs</b>
<b>Net assets</b>		
At start of year	22,387,189,460	23,061,519,268
Prior year adjustment	(31,200,000)	(25,200,000)
Increase / Decrease in net assets during the year	<u>(2,234,599,241)</u>	<u>(649,129,809)</u>
At end of year	<u><b>20,121,390,219</b></u>	<u><b>22,387,189,460</b></u>

## REPORT OF THE TRUSTEES (CONTINUED)

### INVESTMENT OF FUNDS

Under the terms of their appointment the fund managers 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 2021 in September 2022 by Actuarial Services EA Limited, an independent firm of actuaries, using the attained age method. According to the valuation at that date, the actuarial present value of promised benefits was as follows:

	2021 Shs '000,000	2020 Shs '000,000
Vested benefits	12,206	12,163
Non vested benefits	<u>15,210</u>	<u>15,278</u>
<b>Total</b>	<b><u>27,416</u></b>	<b><u>27,441</u></b>

The fair value of the net assets available for benefits was Shs 22,387 (2020 :Shs 23,062) billion resulting in a deficit of Shs 5,329 (2020 :Shs 4,379) 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**



**TRUSTEE  
MOMBASA**

**21st March 2023**

#### 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.

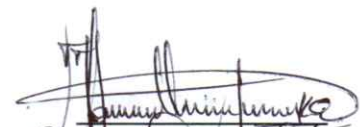
The Trustees certify that, to their best knowledge and belief, the information furnished to the auditor for the purpose of the audit was correct and complete in every respect.

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 **21st March 2023** and signed on its behalf by:

  
TRUSTEE

  
TRUSTEE

## CORPORATE GOVERNANCE STATEMENT

### TRUSTEES IN OFFICE

Trustees who were in office during the year were as follows:-

Name of Trustee	Age	Category of Trustee	Gender	Certified	Qualification	Other board membership
David Bonyi	61	Nominated	Male	Yes	Master of Laws (LLM)	None
Salim Chingabwi	68	Nominated	Male	Yes	MSc. Human Resource Management	None
Alex Ole-Leteipan	75	Nominated	Male	Yes	Advanced Accountancy	Chairman Mombasa Club
Ferdinand Malumbo	58	Elected	Male	Yes	HND. Clinical Medicine & Surgery (Orthopaedics & Trauma)	None
Paul Mwaka	51	Elected	Male	Yes	MSc.OSH	None
Violet Mugambi	57	Elected	Female	Yes	PHD. In Arts in Counselling	None
Conrad Thorpe	59	Nominated	Male	No	Masters of Art War Studies & Defence Tech.	Trustee - UN Trust Fund Somalia. Board Director - Tsavo Trust
Yobesh Oyaro	60	Nominated	Male	Yes	MBA Strategic Management, Masters in Logistics & Supply Chain ,CPAK	None

### BOARD COMMITTEES

The Scheme has the following sub-committees in place with terms of reference clearly defined to facilitate decision making of the

#### STANDING COMMITTEES

- 1.Finance & Investment Committee
- 2.Audit & Risk Committee
- 3.Administration & Communication Committee
- 4.Project Implementation Committee

The above sub-committees meet regularly to deliberate on issues that fall under their mandate.

### MEETINGS HELD

The Board of Trustees held 26 meetings during the year ending the 31st December 2022

The meetings were held on the dates set out hereunder:-

Type of Meeting	Number held	Dates
Regular Board	13	17/02/2022, 01/03/2022, 02/03/2022, 04/03/2022, 17/03/2022, 18/5/2022, 19/05/2022, 07/09/2022, 08/09/2022, 22/11/2022, 13/12/2022, 14/12/2022
Special Board	8	22/03/2022, 13/06/2022, 06/09/2022, 28/09/2022, 13/10/2022, 14/10/2022, 18/10/2022, 19/10/2022
Joint Board (with DC Scheme)	5	06/07/2022, 05/04/2022, 17/06/2022, 28/01/2022, 18/02/2022

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**MEETINGS HELD (cont'd)**

The number of Board and Committee meetings held during the year and attendance by individual Trustees is summarized in the schedule below:

Name of Trustee	Meeting type	Attendance		
		No	Out of	%
David Bonyi	Regular Board	7	13	54%
	Special Board	7	8	88%
	Joint Board	1	5	20%
	Joint Administration	2	17	12%
	Finance and Investment	1	5	20%
Salim Chingabwi	Regular Board	13	13	100%
	Special Board	7	8	88%
	Joint Board	5	5	100%
Alex Ole-Leteipan	Regular Board	13	13	100%
	Special Board	8	8	100%
	Joint Board	5	5	100%
	Audit Committee	3	3	100%
	Finance and Investment	2	8	25%
	Project Implementation	1	1	100%
	Joint Administration	4	17	24%
	Adhoc	2	8	25%
Ferdinand Malumbo	Regular Board	13	13	100%
	Special Board	8	8	100%
	Joint Board	4	5	80%
	Administrative Committee	5	5	100%
	Joint Administration	16	17	94%
	Project Implementation	1	1	100%
	Adhoc	5	8	63%
	Tender Committee	28	38	74%
Paul Mwaka	Regular Board	13	13	100%
	Special Board	7	8	88%
	Joint Board	5	5	100%
	Finance and Investment	8	8	100%
	Audit Committee	3	3	100%
	Joint Administration	12	17	71%
	Project Implementation	1	1	100%
	Adhoc	8	8	100%
Violet Mugambi	Regular Board	13	13	100%
	Special Board	7	8	88%
	Joint Board	5	5	100%
	Finance and Investment	5	8	63%
	Project Implementation	1	1	100%
	Administrative Committee	5	5	100%
	Audit Committee	1	3	33%
	Joint Administration	17	17	100%
Conrad Thorpe	Regular Board	5	13	38%
	Special Board	2	8	25%
	Joint Board	1	5	20%
	Audit Committee	1	3	33%
Yobesh Oyaro	Regular Board	5	13	38%
	Special Board	1	8	13%
	Joint Board	3	5	60%
	Finance and Investment	4	8	50%
	Joint Administration	11	17	65%
	Adhoc	2	8	25%
	Tender Committee	9	38	24%

## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **FIDUCIARY RESPONSIBILITY STATEMENT**

The Board of Trustees is the governing body of the Kenya Ports Authority Pension Scheme and is responsible for the corporate governance of the scheme.

The Trustees are responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

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

The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.

The Trustees have ensured that the fund manager has carried out all scheme investments and that all scheme assets and funds are held by the custodian.

The Board Charter has been developed and ratified by the Board of Trustees.

### **IMPLEMENTATION OF THE GOOD GOVERNANCE GUIDELINES POLICIES**

In the year under review, the scheme has been able to review and ratify the following governance policies in the scheme

<b>Policy</b>	<b>Date Developed / Reviewed</b>	<b>Date Ratified</b>
Code of Conduct	August - September 2022	7 <sup>th</sup> Sept 2022
Election Policy	August - September 2022	7 <sup>th</sup> Sept 2022
Remuneration Policy	August - September 2022	7 <sup>th</sup> Sept 2022
Communication Policy	August - September 2022	7 <sup>th</sup> Sept 2022
Risk Management Policy	August - September 2022	7 <sup>th</sup> Sept 2022
Conflict of Interest Policy	August - September 2022	7 <sup>th</sup> Sept 2022
ICT Policy	August - September 2022	7 <sup>th</sup> Sept 2022
Procurement Policy	August - September 2022	7 <sup>th</sup> Sept 2022

### **RESPONSIBLE CORPORATE CITIZENSHIP**

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

### **KEY OUTCOMES**

The Board of Trustees seeks to achieve the following:

- a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- b) Supporting innovation and developing solutions that meet the members' and sponsor's needs;
- c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor; and
- d) Ensure that the nomination of Trustees to the Board is staggered to achieve continuity.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### KEY OUTCOMES (cont'd)

The Board of Trustees will measure the progress towards these outcomes through quarterly reports and feedback to the sponsor.

### ANNUAL GENERAL MEETING (AGM)

The Board of Trustees held the annual general meeting on the 2nd December 2022, at which 2391 members attended, making up 27.12% of scheme members eligible to attend the meeting. The board adequately addressed the members' concerns.

No.	Number of Attendees	No of people eligible to attend	Percentage
1	2391	8816	27.12

### MEMBERS' SENSITIZATION

Activities	Date held	No. of members who attended	Remarks
Annual General Meeting	12/02/2022	2391	Attendance were both Pensioners and Active Members
Retirement Planning Training	10/10/2022 to 16/11/2022	152	The training was held jointly with DC Scheme

During the sensitization forums, members were educated on the following: roles and responsibilities of members, complaints portal, changes in Retirement Act & Regulations.

### TRUSTEES REMUNERATION

During the year under review, the Trustees were paid a gross sum of **Kshs.13,020,000.00**. The payments complied with the scheme's Trustees remuneration policy.

### BOARD OF TRUSTEES EVALUATION

The board and individual Trustees undertook board evaluation in the year under review. The board review process was facilitated externally, and the process took the form of both interviews and questionnaire. The board was rated **82%**.

In summary the board as an entity achieved an above average performance characterized by the Trustees promoting a positive image of the Scheme. Factors contributing to the performance include:-

- a) The Legal Instruments of the Scheme provides the Scheme with an effective process to nominate and select new Board Trustees.
- b) The Board's composition reflects the diversity of background, expertise, and other resources needed by the Scheme.
- c) The Scheme's management provides new Board of Trustees with a comprehensive orientation to the Scheme's services.
- d) The Scheme's establishing Act regarding the length of Board service and rotation of Board trustees ensures necessary leadership and synergy.
- e) The frequency of Board meetings is appropriate for the responsible discharge of the Board's responsibilities.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**BOARD OF TRUSTEES EVALUATION (cont'd)**

f) The frequency of Board meetings is appropriate for the responsible discharge of the Board's responsibilities.

g) The size of the Board of Trustees is appropriate for effective governance of the Scheme and most Board of Trustees are actively engaged in work of the Scheme.

h) Each appointed committee and task force has a stated purpose and work plan. Trustees come to meetings prepared

Signed:  .....

Dated: 21st March 2023

**SALIM CHINGABWI  
CHAIRPERSON)**

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**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 14 to 36 which comprise the statement of net assets available for benefits as at 31 December 2022 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 the accompanying financial statements give a true and fair view of the financial position of the scheme as at 31 December 2022, 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 2,144,686,115 and Shs 48,219,678 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 5,329 billion as at 31 December 2021.

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 10,640,151,360. 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

For and on behalf of:  
Obiria & Co.  
Certified Public Accountants  
Mombasa

23rd March 2023

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

	Notes	2022 Shs	2021 Shs
<b>Income from dealings with members</b>			
Contributions received in the year	2.	683,956,732	705,256,217
<b>Outgoings from dealings with members</b>			
Benefits payable and paid	3.	(2,670,019,189)	(2,287,149,349)
<b>Net reduction from dealings with members</b>			
		(1,986,062,457)	(1,581,893,132)
<b>Returns on investments</b>			
Investment income	4.	821,964,954	1,016,434,866
Gain/(loss) on disposal of financial assets	5.(i)	24,500,232	16,315,053
Gain/(loss) on disposal of investment property	5.(ii)	(38,800,000)	-
Fair value gain on investment properties	8	-	-
Changes in fair value of plan assets	11.	(867,447,119)	142,037,253
Investment management expenses	6.	(19,630,241)	(24,249,445)
Impairment of plan investment	11.	-	-
<b>Net return on investments</b>			
		(79,412,174)	1,150,537,727
Administrative expenses	7.	(169,124,610)	(217,774,403)
<b>(Decrease)/increase in net assets for the year</b>			
		(2,234,599,241)	(649,129,809)
<b>Net assets available for benefits</b>			
At start of year		22,387,189,460	23,061,519,268
Prior year adjustment		(31,200,000)	(25,200,000)
(Decrease)/increase		(2,234,599,241)	(649,129,809)
<b>At end of year</b>			
		20,121,390,226	22,387,189,460

The notes on pages 17 - 36 form an integral part of these financial statements.

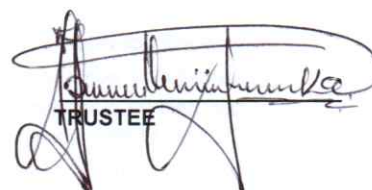
Report of the independent auditor - pages 12 - 13.

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

	Notes	As at 31 December	
		2022 Shs	2021 Shs
<b>Assets</b>			
Investment properties	8.	10,640,151,360	11,285,851,360
Motor vehicle and equipments	9.	41,854,141	53,321,549
Assets classified as held for sale	10.	674,700,000	565,400,000
Plan investments	11.	6,833,083,971	8,940,040,089
Intangible assets	12.	4,266,510	5,099,973
Receivables and accrued income	13.	2,284,765,277	1,975,740,148
Cash and cash equivalents	14.	217,389,908	288,628,015
<b>Total assets</b>		<b>20,696,211,167</b>	<b>23,114,081,134</b>
<b>Less: liabilities</b>			
Payables and accrued expenses	15	574,820,940	726,891,674
<b>Net assets available for benefits</b>		<b>20,121,390,226</b>	<b>22,387,189,460</b>

The financial statements on pages 14 to 36 were approved and authorised for issue by the Board of Trustees on 21st March 2023 and were signed on its behalf by:

  
 TRUSTEE

  
 TRUSTEE

The notes on pages 17 - 36 form an integral part of these financial statements.

Report of the independent auditor - pages 12 - 13.

## STATEMENT OF CASH FLOWS

	Notes	2022 Shs	2021 Shs
<b>Operating activities</b>			
Reconciliation of decrease in net assets to cash from operating activities:			
Decrease in net assets (excluding fair value changes)		(1,394,098,441)	(791,167,062)
<b>Adjustments for:</b>			
Depreciation of motor vehicles and equipment	7.	13,941,308	12,893,153
Amortisation of intangible assets		833,464	833,464
Gain/(loss) on disposal of investment property		38,800,000	-
Unrealised Exchange Gain/ (Loss)		-	(3,114,563)
(Gain)/loss on disposal of financial assets	5.(i)	26,946,319	(16,315,053)
		<u>(1,313,577,351)</u>	<u>(796,870,060)</u>
<b>Changes in:</b>			
Receivables and accrued income		(303,344,902)	(88,496,478)
Payables and accrued expenses		<u>(152,070,734)</u>	<u>330,092,819</u>
Net cash used in operating activities		<u>(1,768,992,987)</u>	<u>(555,273,719)</u>
<b>Investing activities</b>			
Cash paid for purchase of PPE	9.	(2,473,900)	(4,040,372)
Cash paid for purchase of intangible asset	12.	-	(330,637)
Purchase of plan assets	11.	(478,751,063)	(1,056,203,924)
Proceeds from sale of investment property		466,400,000	-
Proceeds from sale/maturity of financial assets	5.(i)	1,802,133,652	1,255,480,767
		<u>1,787,308,689</u>	<u>194,905,834</u>
Net cash from investing activities		<u>1,787,308,689</u>	<u>194,905,834</u>
<b>Decrease in cash and cash equivalents</b>		<u><u>18,315,702</u></u>	<u><u>(360,367,885)</u></u>
<b>Movement in cash and cash equivalents</b>			
At start of year		418,919,577	779,287,462
Increase (decrease)		<u>18,315,702</u>	<u>(360,367,885)</u>
At end of year	14.	<u><u>437,235,277</u></u>	<u><u>418,919,577</u></u>

The notes on pages 17 - 36 form an integral part of these financial statements.

Report of the independent auditor - pages 12 - 13.

## 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	2022 Shs	2021 Shs
Employer's contributions at 14.7% (2020: 14.7%)	97,992,912	112,637,525
Employees' contributions at 7.5% (2020: 7.5%)	50,763,819	57,418,692
Additional contribution	<u>535,200,000</u>	<u>535,200,000</u>
	<u>683,956,732</u>	<u>705,256,217</u>
There were no unremitted contributions as at 31st December 2022 and no penalty was paid by the sponsor for failure to remit contributions or accrued interest on unpaid benefits.		
3. Benefits payable and paid	2022 Shs	2021 Shs
Monthly pensions	1,676,015,302	1,443,567,665
Lump sum	986,437,221	737,686,278
Lumpsum & Pension(Recalculation)	-	81,995,408
Burial allowance	<u>7,566,665</u>	<u>23,899,998</u>
	<u>2,670,019,189</u>	<u>2,287,149,349</u>
4. Income from investment		
<b>Rental income</b>		
Gross rental income	313,588,897	299,508,718
Less: direct rental expenses	<u>(302,720,361)</u>	<u>(108,359,536)</u>
Net rental gain	10,868,535	191,149,182
<b>Plan investment</b>		
Dividends receivable on quoted shares (Kenya and offshore)	111,357,859	86,929,909
Interest and discounts receivable on Kenya Government securities, commercial paper and corporate bonds, and loans and receivables	689,068,411	738,160,593
Miscellaneous income	<u>10,670,150</u>	<u>195,181</u>
	<u>821,964,954</u>	<u>1,016,434,866</u>
5.(i) Gain/(loss) on disposal of plan investments	2022 Shs	2021 Shs
Sale proceeds on disposal of financial assets	883,804,545	1,041,176,967
Fair value of financial assets disposed	<u>(859,304,313)</u>	<u>(1,024,861,915)</u>
Net gain	<u>24,500,232</u>	<u>16,315,053</u>
5.(ii) Fair value gain/(loss) on investment properties & plan assets		
Fair value gain on investment properties	-	-
Changes in fair value of plan assets	(867,447,119)	142,037,253
Gain on disposal of investment property	<u>(38,800,000)</u>	<u>-</u>
	<u>(906,247,119)</u>	<u>142,037,253</u>

<b>NOTES (CONTINUED)</b>	<b>2022</b>	<b>2021</b>
	<b>Shs</b>	<b>Shs</b>
<b>6. Investment management expenses</b>		
Fund managers' fees	15,388,700	17,688,444
Custodian's fees	4,241,541	6,561,000
	<u>19,630,241</u>	<u>24,249,445</u>
<b>7. Administrative expenses</b>		
Meetings and allowances	16,054,618	17,171,061
Trustees' education	6,147,442	5,676,547
Trustee travelling	4,126,820	-
Trustees expenses	4,940,797	3,681,329
AGM and member education	5,983,095	13,443,290
Staff duty travelling	2,377,939	3,890,659
Administration and processing:		
- printing and stationery, postage, internet and telephone	2,064,131	2,365,340
- pensioners' bank cheques, charges and commissions	4,496,222	4,488,106
- fund master license and system upgrades	475,275	2,088,000
Audit fees	4,723,525	2,235,132
Computer server and maintenance	2,837,931	872,883
Legal and professional fees	15,794,184	50,489,522
Consultancy fees	2,529,022	1,432,455
Tendering expenses	2,901,425	1,365,000
Conference fees	1,182,283	770,220
Office expenses	1,510,740	2,312,208
Staff costs	44,979,764	60,896,792
Staff gratuity earned	8,949,932	11,498,839
Brokerage commission	196,616	155,324
Customer care week expense	-	215,329
Tax advisory	-	2,296,900
Actuarial fees	1,740,000	3,546,585
Delinking expenses	-	1,439,040
General provision for bad debts	6,435,380	-
Auctioneer fees	300,000	86,760
RBA levy	5,000,000	5,000,000
Fines & penalties	21,697	310,552
Depreciation on motor vehicle and equipments	13,941,308	12,893,153
Advertising	1,509,629	2,857,848
APTAK sponsorship	-	200,000
EDRMS support	-	422,762
Subscription fees	1,368,000	1,185,000
Motor vehicle expenses	474,949	662,468
Armotisation of intangible assets	833,464	833,464
Internal audit expenses	-	625,171
Last expense insurance	5,228,422	366,667
	<u>169,124,610</u>	<u>217,774,403</u>

The scheme meets all its expenses.

**NOTES (CONTINUED)**

<b>8. Investment properties</b>	<b>2022 Shs</b>	<b>2021 Shs</b>
At start of year	11,285,851,360	11,592,451,360
Additions	-	-
Re-statement	99,400,000	(56,400,000)
Assets held for sale (Note 10)	<u>(745,100,000)</u>	<u>(250,200,000)</u>
At end of year	<u>10,640,151,360</u>	<u>11,285,851,360</u>

Included in the amount is Shs 142,000,000 relating to Property No. Mombasa/Block/XXI/64 whose lease has expired.

Investment properties were professionally valued in July 2019 by Rubiland Limited independent registered valuers. All properties are scheduled for re valuation this year in compliance with RBA requirements.

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 was 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 2022**

	<b>Computers Shs</b>	<b>Equipment Shs</b>	<b>Motor vehicle Shs</b>	<b>Total Shs</b>
<b>Cost</b>				
At start of year	7,459,935	71,202,602	7,997,796	86,660,333
Disposals	-	-	(3,050,638)	(3,050,638)
Additions	2,473,900	-	-	2,473,900
At end of year	<u>9,933,835</u>	<u>71,202,602</u>	<u>4,947,158</u>	<u>86,083,595</u>
<b>Depreciation</b>				
At start of year	4,862,324	24,322,538	4,153,922	33,338,784
Disposals	-	-	(3,050,638)	(3,050,638)
Charge for the year	710,301	12,241,576	989,432	13,941,308
At end of year	<u>5,572,625</u>	<u>36,564,113</u>	<u>2,092,716</u>	<u>44,229,454</u>
<b>Net book value</b>	<u><u>4,361,210</u></u>	<u><u>34,638,488</u></u>	<u><u>2,854,443</u></u>	<u><u>41,854,141</u></u>

**Year ended 31 December 2021**

	<b>Computers Shs</b>	<b>Equipment Shs</b>	<b>Motor vehicle Shs</b>	<b>Total Shs</b>
<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	<u>7,459,935</u>	<u>71,202,602</u>	<u>7,997,796</u>	<u>86,660,333</u>
<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	<u>4,862,324</u>	<u>24,322,538</u>	<u>4,153,922</u>	<u>33,338,784</u>
<b>Net book value</b>	<u><u>2,597,611</u></u>	<u><u>46,880,064</u></u>	<u><u>-</u></u>	<u><u>53,321,549</u></u>

10. **Assets classified as held for sale**

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

	<b>2022 Shs</b>	<b>2021 Shs</b>
Property held for sale (Note 8)		
At start of year	565,400,000	284,000,000
Additions / disposals	457,900,000	281,400,000
Reclassification	(65,000,000)	-
Disposals	(283,600,000)	-
At end of year	<u><u>674,700,000</u></u>	<u><u>565,400,000</u></u>

**NOTES (CONTINUED)**

**11. Plan investments**

	<b>2022</b>	<b>2021</b>
	<b>Shs</b>	<b>Shs</b>
Shares	1,912,309,797	2,581,145,945
Kenya government securities	4,547,032,418	6,228,602,583
Commercial paper and corporate bonds	-	-
Private equity	153,896,386	-
Fixed term bank deposits (Note 14)	219,845,369	130,291,561
	<u>6,833,083,971</u>	<u>8,940,040,089</u>

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

**Year ended 31 December 2022**

	As previously reported Shs	Restatement adjustment Shs	Restated Shs	Purchases at cost Shs	Disposals/ maturity Shs	Gain on disposal Shs	Change in fair value Shs	Fair value gain Loss on disposal Shs	Value at end of year Shs
Shares									
- unquoted investments	256,692,800	-	256,692,800	-	-	-	-	-	256,692,800
- quoted shares (Kenya and Uganda)	2,324,453,145	(93,429,808)	2,231,023,337	-	(37,963,327)	(2,446,088)	(535,793,689)	796,765	1,655,616,997
Kenya government securities	6,228,602,583	-	6,228,602,583	100,274,929	(1,476,341,218)	26,946,319	(410,764,095)	78,313,900	4,547,032,418
Commercial paper and corporate bonds	-	-	-	-	-	-	-	-	-
Private equity	-	93,429,808	93,429,808	48,476,134	-	-	11,990,444	-	153,896,386
	<u>8,809,748,528</u>	<u>-</u>	<u>8,809,748,528</u>	<u>148,751,063</u>	<u>(1,514,304,545)</u>	<u>24,500,231</u>	<u>(934,567,340)</u>	<u>79,110,665</u>	<u>6,613,238,602</u>

**Year ended 31 December 2021**

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>33,433,525</u>	<u>62,061,622</u>	<u>8,809,748,528</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 .

The Scheme does not hold more than 10% equity in any one company or related companies.

**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 2022 to the contractual maturity date.

	Up to 1 year Shs	1 - 5 years Shs	Over 5 years Shs	Total Shs
Kenya government securities	141,897,618	1,505,647,065	2,899,487,735	4,547,032,418
Commercial paper and corporate bonds	-	-	-	-
	<u>141,897,618</u>	<u>1,505,647,065</u>	<u>2,899,487,735</u>	<u>4,547,032,418</u>

**12. Intangible assets**

<b>Software costs</b>	<b>2022 Shs</b>	<b>2021 Shs</b>
<b>Cost</b>		
At start of year	8,004,000	8,004,000
Additions	<u>330,637</u>	<u>330,637</u>
At end of year	<u>8,334,637</u>	<u>8,334,637</u>
<b>Amortisation</b>		
At start of year	3,234,664	2,401,200
Charge for the year	<u>833,464</u>	<u>833,464</u>
At end of year	<u>4,068,127</u>	<u>3,234,664</u>
<b>Net book value</b>	<u><b>4,266,510</b></u>	<u><b>5,099,973</b></u>

The software relates to electronic document management system.

**13. Receivables and accrued income**

	<b>2022 Shs</b>	<b>2021 Shs</b>
Rent receivable	138,927,541	148,464,061
Less: provision for bad debts	<u>(103,970,218)</u>	<u>(97,534,838)</u>
Net rent receivable	34,957,324	50,929,223
Other rent receivables	12,983,759	12,983,759
Service charge receivables	28,593,282	26,913,398
Receivables under development projects	2,144,686,115	1,834,777,485
Utilities deposits	3,310,302	3,310,302
Prepayments	26,001,562	7,553,738
Related parties	12,652,223	23,036,587
Dividends receivable	8,632,499	8,967,670
ERP System Implementation-W.I.P.	<u>12,948,213</u>	<u>7,267,986</u>
	<u><b>2,284,765,277</b></u>	<u><b>1,975,740,148</b></u>
<b>Movement in impairment provision</b>		
At start of year	97,534,838	97,534,838
Additions	6,435,380	-
Recoveries	<u>-</u>	<u>-</u>
	<u><b>103,970,218</b></u>	<u><b>97,534,838</b></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 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>
Bombululu	MSA/123/MN/I	31,400,000
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
		<b>305,591,253</b>

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>2022 Shs</b>	<b>2021 Shs</b>
Cash at bank	<u>217,389,908</u>	<u>288,628,015</u>

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

Cash and bank	217,389,908	288,628,015
Fixed term bank deposits ( <b>Note 11</b> )	<u>219,845,369</u>	<u>130,291,561</u>
	<u>437,235,277</u>	<u>418,919,576</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	2022 Shs	2021 Shs
Rent deposits	58,963,399	46,425,083
Due to Domestic Taxes Department	47,384,310	57,717,657
Accrued expenses	119,803,968	201,308,580
Staff gratuity	17,502,508	-
Accrued pension liability	23,445,497	53,010
RBA levy	5,000,000	5,000,000
Investment property sale deposit	253,890,000	280,216,225
Motor vehicle disposal proceeds	611,580	-
Nairobi South C project	-	87,951,442
Bombolulu project	48,219,678	48,219,678
<b>Total other payables and accrued expenses</b>	<b>574,820,940</b>	<b>726,891,674</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 2022	3 to 12 months Shs	Over 1 year Shs	Total Shs
Rent deposits	11,704,222	47,259,177	58,963,399
Due to Domestic Taxes Department	26,438,602	20,945,708	47,384,310
Accrued expenses	70,126,392	49,677,575	119,803,968
Staff gratuity	8,949,933	8,552,575	17,502,508
Accrued pension liability	-	23,445,497	23,445,497
RBA levy	5,000,000	-	5,000,000
Investment property sale deposits	141,770,000	112,120,000	253,890,000
Motor vehicle disposal proceeds	611,580	-	611,580
Bombolulu project	-	48,219,678	48,219,678
	<u>264,600,729</u>	<u>310,220,211</u>	<u>574,820,940</u>
<b>Year ended 31 December 2021</b>			
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
	<u>412,452,006</u>	<u>314,439,668</u>	<u>726,891,674</u>

**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:	2022 Shs	2021 Shs
(i) - Kenya Ports Authority-outstanding staff costs refunds	-	-
(ii) - KPARBS 2012-Outstanding expenses refund	12,652,223	23,036,587

**NOTES (CONTINUED)**

<b>17</b>	<b>Related party transactions and balances (continued)</b>	<b>2022</b>	<b>2021</b>
		<b>Shs</b>	<b>Shs</b>
	ii) <b>Key management compensation</b>		
	Meetings and allowances	<u>13,020,000</u>	<u>11,000,000</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	2022 %	2021 %	Maximum investment as per RBA %
Cash and demand deposits	1.2%	1.6%	5
Fixed and time deposits	1.2%	0.4%	30
Commercial paper and corporate bonds	0.0%	0.0%	20
Kenya Government securities	25.7%	29.8%	90
Shares - Kenya	9.4%	10.7%	70
Private equity	0.9%	0.4%	10
Shares - unquoted	1.5%	0.3%	5
Reits	0.0%	0.0%	30
Immovable properties	<u>59.1%</u>	<u>55.8%</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 2022, 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 2021 in September 2022 by Actuarial Services EA Limited, an independent firm of actuaries, using the attained age method. According to the valuation as at that date, the actuarial present value of promised benefits was as follows:

**NOTES (CONTINUED)**

22 Actuarial position	2021 Shs	2020 Shs
Vested benefits	12,206,000,000	12,163,000,000
Non vested benefits	<u>15,210,000,000</u>	<u>15,278,000,000</u>
<b>Total</b>	<u><u>27,416,000,000</u></u>	<u><u>27,441,000,000</u></u>

The fair value of the net assets available for benefits was Shs 22,087,000,000 (2020 :Shs 23,062,000,000) resulting in deficit of Shs 5,329,000,000 (2020 :Shs 4.379,000,000)

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 2022, 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 (2021: 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 2022, 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 45,470,324 (2021: Shs 62,286,026) 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 2022, 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 20,696,211 (2021: 23,244,531) 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 2022</b>	<b>Level 1 Shs</b>	<b>Level 2 Shs</b>	<b>Level 3 Shs</b>	<b>Totals Shs</b>
<b>Financial assets</b>				
Shares				
- unquoted investments	-	-	256,692,800	256,692,800
- quoted shares (Kenya)	1,655,616,997	-	-	1,655,616,997
Kenya government securities	-	4,547,032,418	-	4,547,032,418
Commercial paper and corporate bonds	-	-	-	-
	<u>1,655,616,997</u>	<u>4,547,032,418</u>	<u>256,692,800</u>	<u>6,459,342,215</u>
<b>Year ended 31 December 2021</b>				
	<b>Level 1 Shs</b>	<b>Level 2 Shs</b>	<b>Level 3 Shs</b>	<b>Totals Shs</b>
<b>Financial assets</b>				
Shares				
- unquoted investments	-	-	250,393,600	250,393,600
- quoted shares (Kenya)	2,094,829,296	-	-	2,094,829,296
Kenya government securities	-	6,444,999,973	-	6,444,999,973
Commercial paper and corporate bonds	-	-	-	-
	<u>2,094,829,296</u>	<u>6,444,999,973</u>	<u>250,393,600</u>	<u>8,790,222,869</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**

			<b>2022</b>	<b>2021</b>	
			<b>Shs</b>	<b>Shs</b>	
<b>PROPERTY</b>	<b>LOCATION</b>				
1	MN/Sec 1/1662	Mombasa	Mbuni Road-Nyali	72,400,000	72,400,000
2	MN/Sec 1/2505	Mombasa	Kittaruni Road-Nyali	21,500,000	21,500,000
3	MN/Sec 1/2512	Mombasa	Kittaruni Road-Nyali	29,800,000	29,800,000
4	MN/Sec 1/2511	Mombasa	Kittaruni Road-Nyali	21,600,000	21,600,000
5	MN/Sec 1/1605	Mombasa	Kasuku Road-Nyali	72,000,000	72,000,000
6	MN/Sec 1/1604	Mombasa	Kasuku Road-Nyali	72,000,000	72,000,000
7	MN/Sec 1/1339	Mombasa	Off Bandari-Nyali	72,400,000	72,400,000
8	MN/Sec 1/1332	Mombasa	Mukoma Road off Kongoni Road-Nyali	61,000,000	61,000,000
9	MN/Sec 1/1334	Mombasa	Off Kongoni Road-Nyali	75,800,000	75,800,000
10	MN/Sec 1/1352	Mombasa	Off Makongeni Road-Nyali	64,600,000	64,600,000
11	MN/Sec 1/1350	Mombasa	Off Makongeni Road-Nyali	64,800,000	64,800,000
12	MN/Sec 1/1345	Mombasa	Off Makongeni Road-Nyali	62,400,000	62,400,000
13	MN/ Sec 1/2513	Mombasa	Kittaruni Road-Nyali	30,700,000	30,700,000
14	MN/Sec 1/3188	Mombasa	5th Avenue-Nyali	72,500,000	72,500,000
15	MN/Sec 1/3185	Mombasa	5th Avenue-Nyali	72,500,000	72,500,000
16	MN/Sec 1/3184	Mombasa	5th Avenue-Nyali	71,600,000	71,600,000
17	MN/Sec 1/2523	Mombasa	Kittaruni Road-Nyali	24,400,000	24,400,000
18	M/B XXI/542,545 & 546	Mombasa	Off Archbishop Makarios Road-Ganjoni	106,800,000	106,800,000
19	MN/Sec 1/1286	Mombasa	Links Road-Nyali	110,000,000	110,000,000
20	MN/Sec 1/534	Mombasa	Off Jamhuri Road-Nyali	162,600,000	162,600,000
21	M/B XXVI/119	Mombasa	Dedan Kimathi Estate Road	1,295,400,000	1,295,400,000
22	M/B XXVI/1000	Mombasa	Kaunda Street-Kizingo	340,200,000	340,200,000
23	M/B XXVI/328	Mombasa	Margaret Avenue-Kizingo	182,600,000	182,600,000
24	M/B XXVI/53	Mombasa	Tritton Road-Kizingo	252,300,000	252,300,000
25	L.R.No 1870/IX/118	Nairobi	Bandari Plaza-Westlands	932,000,000	932,000,000
26	M/B XXI/435,436,437 & 508	Mombasa	Cannon House 1 & 2-Moi avenue	880,000,000	880,000,000
27	L.R.No 209/384/4	Nairobi	Nyaku House-Hurlingham	706,000,000	706,000,000
28	M/B XXI/64	Mombasa	Rex House-Moi avenue	142,000,000	142,000,000
29	M/B XX/149	Mombasa	Motor Mart Building-Moi avenue	78,000,000	78,000,000
30	M/B XX/150	Mombasa	Motor Mart Building-Moi avenue	78,000,000	78,000,000
31	M/B XX/151	Mombasa	Motor Mart Building-Moi avenue	78,000,000	78,000,000
32	M/B XXV/86	Mombasa	NSSF Plots-Off Security lane	162,000,000	162,000,000
33	M/B XXV/93	Mombasa	NSSF Plots-Off Security lane	158,000,000	158,000,000
34	L.R. Number 209/378/10	Nairobi	Hurlingham Court-Hurlingham	724,000,000	724,000,000
35	M/B XI/582	Mombasa	Wakauma Avenue-Tudor area	23,400,000	23,400,000
36	M/B XI/579	Mombasa	Wakauma /Msaada Avenue-Tudor area	27,800,000	27,800,000
37	M/B XI/578	Mombasa	Wakauma Avenue-Tudor area	27,800,000	27,800,000
38	M/B XI/581	Mombasa	Wakauma /Msaada Avenue-Tudor area	23,400,000	23,400,000
39	M/B XXVI/30	Mombasa	Kaunda Avenue-Kizingo	102,300,000	102,300,000
40	M/B XXVI/50	Mombasa	Kaunda Avenue-Kizingo	198,500,000	198,500,000
41	M/B XXIII/217	Mombasa	Off Mbaraki Road-Mbaraki	68,200,000	68,200,000
42	M/B XXIII/219	Mombasa	Off Mbaraki Road-Mbaraki	61,200,000	61,200,000
43	M/B XX111/223	Mombasa	Off Mbaraki Road-Mbaraki	60,600,000	60,600,000
44	M/B XXIII/224	Mombasa	Off Mbaraki Road-Mbaraki	56,500,000	56,500,000
45	M/B XXIII/221	Mombasa	Off Mbaraki Road-Mbaraki	56,400,000	56,400,000
46	M/B XXIII/220	Mombasa	Off Mbaraki Road-Mbaraki	62,600,000	62,600,000
47	M/B XXIII/218	Mombasa	Off Mbaraki Road-Mbaraki	69,700,000	69,700,000
48	M/B XXIII/222	Mombasa	Off Mbaraki Road-Mbaraki	53,800,000	53,800,000
49	M/B XI/474	Mombasa	Tom Mboya/Wajir Road-Tudor area	58,000,000	58,000,000
50	M/B XI/475	Mombasa	Tom Mboya/Wajir Road-Tudor area	58,000,000	58,000,000
51	L.R.No 209/10216	Nairobi	KPA Bellevue Estate-Off Popo Road South	1,616,800,000	1,616,800,000
52	L.R.No 10530/34	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
53	L.R.No 10530/80	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
54	L.R.No 10530/60	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
55	L.R.No 10530/56	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
56	L.R.No 10530/50	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
57	L.R.No 10530/38	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
58	L.R.No 10530/26	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
59	L.R.No 10530/30	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
	<b>Balance carried forward</b>		<b>10,099,700,000</b>	<b>10,099,700,000</b>	

**LISTING OF INVESTMENT PROPERTIES**

PROPERTY	LOCATION		2022 Shs	2021 Shs
<b>Brought forward</b>			<b>10,099,700,000</b>	<b>10,099,700,000</b>
60 MSA/BLOCK 1/2262 FMR BLK 49	Mombasa	Makande, Mombasa	232,551,360	232,551,360
61 L.R.NO.MN/1/ 3153***	Mombasa	Mnazi Moja, Nyali	45,000,000	45,000,000
62 L.R. NO. 209/12015	Nairobi	Off Kaunda Street Nairobi	163,500,000	163,500,000
63 L.R.No MSA/XVIII/335	Mombasa	Msanifu Kombo Road, Mwembe Tayari	65,000,000	-
64 L.R.No 10530/86	Nairobi	Siwaka Estate-Off Ole Sangare Road	17,200,000	-
65 L.R.No 10530/89	Nairobi	Siwaka Estate-Off Ole Sangare Road	17,200,000	-
66 L.R.No 10530/37	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
67 L.R.No 10530/65	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
68 L.R.No 10530/153	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
69 L.R.No 10530/152	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
70 MN/Sec 1/1660	Mombasa	Mbuni Road-Nyali	-	72,400,000
71 MN/Sec 1/2506	Mombasa	Kittaruni Road-Nyali	-	23,400,000
72 MN/Sec 1/533	Mombasa	Jamhuri Road-Nyali	-	148,800,000
73 MN/Sec 1/724	Mombasa	Links Road-Nyali	-	108,200,000
74 MN/Sec 1/1351	Mombasa	Off Makongeni Road-Nyali	-	64,500,000
75 M/B XI/580	Mombasa	Wakauma /Msaada Avenue-Tudor area	-	23,400,000
76 L.R.No 10530/148	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
77 L.R.No 10530/93	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
78 L.R.No 10530/149	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
79 L.R.No 10530/57	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
80 L.R.No 10530/55	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
81 L.R.No 10530/40	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
82 L.R.No 10530/31	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
83 L.R.No 10530/27	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
84 L.R.No 10530/69	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
85 L.R.No 10530/68	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
86 L.R.No 10530/59	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
87 L.R.No 10530/39	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
88 L.R.No 10530/49	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
89 L.R.No 10530/29	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
90 L.R.No 10530/53	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
			<b>10,640,151,360</b>	<b>11,285,851,360</b>

**LISTING OF ASSETS HELD FOR SALE**

<b>PROPERTY</b>	<b>LOCATION</b>		<b>2022 Shs</b>	<b>2021 Shs</b>
1 M/B XXIII/214	Mombasa	Off Mbaraki Road-Mbaraki	38,000,000	38,000,000
2 MN/Sec 1/3960	Mombasa	Off Mt. Kenya Road-Nyali	55,000,000	55,000,000
3 MN/Sec 1/1353	Mombasa	Off Makongeni Road-Nyali	45,000,000	45,000,000
4 L.R.No 10530/151	Nairobi	Siwaka Estate-Off Ole Sangare Road	16,500,000	16,500,000
5 L.R.No 10530/130	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
6 L.R.No 10530/47	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
7 L.R.No 10530/61	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	15,600,000
8 L R.No 10530/132	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,500,000	15,500,000
9 L.R.No 10530/149	Nairobi	Siwaka Estate-Off Ole Sangare Road	17,200,000	-
10 L.R.No 10530/68	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	-
11 L.R.No 10530/69	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	-
12 L.R.No 10530/53	Nairobi	Siwaka Estate-Off Ole Sangare Road	15,600,000	-
13 MN/Sec 1/724	Mombasa	Links Road-Nyali	108,200,000	-
14 MN/Sec 1/533	Mombasa	Jamhuri Road-Nyali	148,800,000	-
15 MN/Sec 1/1660	Mombasa	Mbuni Road-Nyali	72,400,000	-
16 MN/Sec 1/1351	Mombasa	Off Makongeni Road-Nyali	64,500,000	-
17 L R.No MSA/XVIII/335	Nairobi	Msanifu Kombo Road, Mwembe Tayari	-	65,000,000
18 L R.No 10530/155	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	16,500,000
19 Nyali MN/Sec 1/1338	Mombasa	Off Bandari-Nyali	-	72,200,000
20 L.R.No 10530/156	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
21 L.R.No 10530/91	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
22 L.R.No 10530/92	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
23 L.R.No 10530/150	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	17,200,000
24 L.R.No 10530/152	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	16,500,000
25 MN/Sec 1/2509	Mombasa	Kittaruni Road-Nyali	-	16,000,000
26 L.R.No 10530/62	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
27 L.R.No 10530/128	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
28 L.R.No 10530/127	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
29 L.R.No 10530/52	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
30 L.R.No 10530/54	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
31 L.R.No 10530/44	Nairobi	Siwaka Estate-Off Ole Sangare Road	-	15,600,000
			<b>674,700,000</b>	<b>565,400,000</b>