



KENYA PORTS AUTHORITY RETIREMENT BENEFITS SCHEME 2012

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

KENYA PORTS AUTHORITY RETIREMENT BENEFITS SCHEME 2012
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SCHEME INFORMATION

TRUSTEES

Geoffrey Kavate	Chairman (Appointed 30.06.2022)
Emma Okello	Trustee (Elected 30.11.2023)
Dolorees S.K Maikah	Trustee (Elected 30.11.2023)
Samuel Tawa	Trustee (Elected 30.11.2023)
Mercy Kirui	Trustee (Appointed 12.05.2023)
Dr.Consolata Luswet	Trustee (Appointed 12.05.2023)
Salim Kumaka	Trustee (Retired 18.12.2023)
Musa Huka	Trustee (Retired 18.12.2023)
Farida Soud	Trustee (Retired 23.01.2023)
Nilfat Kassim	Trustee (Retired 23.01.2023)

REGISTERED OFFICE

Old Cannon Towers 7th Floor
Moi Avenue
P.O Box 1019-80100
Mombasa

CUSTODIAN

The Cooperative Bank of Kenya Limited
Custody Division
P.O Box 48231-00100
Nairobi, Kenya

BANKERS

Stanbic Bank Kenya Limited
P.O Box 90131-80100
Mombasa

The Cooperative Bank of Kenya Limited
P.O.Box 48231-00100
Nairobi.

SCHEME ADMINISTRATOR

Bernard Kipkogei Kibet
Kenya Ports Authority- Pension Office
Old Cannon Towers, 7th Floor
Moi Avenue
P.O Box 1019-80100
Mombasa

SCHEME SECRETARY

Vincent Makaya Oweya
Kenya Ports Authority Pension Scheme
P.O Box 1019 - 80100
Mombasa

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SCHEME INFORMATION

FUND MANAGERS

Genafrika Asset Manager Limited
P.O Box 79217- 00200
Nairobi.

Kenindia Assurance Company Limited
P.O Box 44372- 00100
Nairobi

ICEA LION Asset Manager Limited
P.O. Box 46143 - 00100
Nairobi.

ACTUARY

Zamara Actuaries, Administrators and Consultants
P.O. BOX 5439-00200
Nairobi

LAWYERS

MMC Africa Law
P.O Box 90282-80100
Mombasa

Munyao, Muthama & Kashindi Advocates
P.O. Box 2419- 80100
Mombasa

Miller & Co Advocates
P.O Box 90088 – 80100
Mombasa.

INDEPENDENT AUDITOR

Ronalds LLP,
Certified Public Accountants (K)
136 Manyani East Road, Off Waiyaki Way
P.O Box 41331-00100
Nairobi, Kenya

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REPORT OF TRUSTEES

The Trustees have the pleasure in submitting their annual report together with the audited accounts for the year ended 31 December 2023, which disclose the state of affairs of the scheme.

ESTABLISHMENT, NATURE AND STATUS OF THE SCHEME.

The fund is established and governed by the Trust Deed and Rules dated 24th October 2012, and was amended on 13th February 2018. It is a defined contribution scheme and provides, under its rules, retirement benefits for the staff of Kenya Ports Authority. It is an exempted approved scheme under the Income Tax Act and with the Retirements Benefits Authority respectively.

OBJECTIVE OF THE SCHEME

The main purpose of the scheme is the provision of Pension and other retirement benefits for members upon their retirement from the Employers service and relief for the Dependents of deceased Members.

SUMMARY OF MEMBERSHIP

Year	2023	2022
Active members		
At start of the year	5,780	5,612
Joiners	305	349
Leavers	(177)	(135)
Dormant members	(61)	(46)
At end of the year	5,847	5,780
Deferred members		
At start of the year	352	356
Joiners	81	2
Leavers	(68)	(6)
At end of year	365	352
Total members	6,212	6,132

CONTRIBUTIONS

As per the rule of the scheme, employees contribute 10% of their respective Pensionable salary and the employer contributes to the scheme an amount equal to 20% of the Member's Pensionable salary. However, members may with the consent of trustees, voluntarily increase their contributions in addition to those prescribed above.

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REPORT OF TRUSTEES CONT'D

INVESTMENT OF FUNDS

The Scheme's funds are invested as provided under the Retirement Benefits Authority Act Regulations, 1997 and schemes investment policy statement.

Under the terms of their appointment, ICEA Lion Asset Manager, Gen Africa Asset Manager Limited and Kenindia Assurance Company Limited are responsible for the investment of the funds.

The overall responsibility for the investment and performance of the schemes' funds lies with the trustees.

Below is the breakdown of the investments as carried out during the year;

Investment	Amount invested	DC Scheme exposure	IPS Limit	RBA Limit
Quoted shares	2,052,016,397	9.79%	25%	70%
Kenya government securities	13,838,129,100	66.05%	80%	90%
Commercial paper and corporate bonds	15,000,000	0.07%	10%	20%
Fixed and Bank Deposits	1,622,564,043	7.74%	10%	30%
Guaranteed Fund	3,422,448,275	16.34%	20%	100%
Total	20,950,157,815	100%		

The net interest declared and credited to the member's account was at a positive rate of ~~5.23%~~ ^{3.06%} for the registered fund and ~~3.06%~~ ^{3.06%} for the unregistered fund. The net rate of return credited to the members' accounts excluded unrealized gains and losses (changes in fair value) arising from the valuation of financial assets (specifically debt instruments/bonds) at fair value as provided in the Retirement Benefits (Occupational Retirements Benefits Schemes) Amendment regulations, 2023

TRUSTEES

The Trustees who served during the year are as shown on page 1

INDEPENDENT AUDITOR

The Auditors Ronald's LLP, Certified Public Accountants (K), were appointed on 1/01/2022 for a period of three years.

BY ORDER OF THE TRUSTEE



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REPORT ON GOVERNANCE

1. Trustees and the dates of appointment

No.	Name of Trustee	Nature of Appointment	Date Appointed	Date to retire
1.	Geoffrey Kilonzo Kavate	Sponsor Nominated	30.06.2022	30.06.2025
2.	Emma Seline Akinyi Okello	Member Elected	30.11.2023	30.11.2026
3.	Dolorees S.K Maikah	Member Elected	30.11.2023	30.11.2026
4.	Samuel Tawa	Member Elected	30.11.2023	30.11.2026
5.	Mercy Kirui	Sponsor Nominated	12.05.2023	12.05.2026
6.	Dr. Consolata Lusweti	Sponsor Nominated	12.05.2023	12.05.2026
7.	Salim Hamisi Kumaka	Member Elected	18.12.2020	18.12.2023
8.	Musa Huka Abdi	Member Elected	18.12.2020	18.12.2023
9.	Farida Soud	Sponsor Nominated	01.04.2022	23.01.2023
10.	Nilfat Kassim	Sponsor Nominated	01.04.2022	23.01.2023

2. Trustees in office.

Name of trustee	Age	Category (Member-elected/Sponsor-nominated/Professional)	No. of meetings attended	Certified (Yes/No)	Highest qualification	Memberships of other Boards
Geoffrey Kavate	52	Sponsor Nominated Trustee	16	Yes	Masters Business Administration (Strategic management)	Board Director Kenya National Shipping Line
Emma Okello	40	Member Elected Trustee	16	Yes	Masters Business Administration (Strategic Management)	None
Dolorees Maikah	46	Member Elected Trustee	0	No	Master of Science in Information Technology	None
Samuel Tawa	45	Member Elected Trustee	0	No	Diploma in Business Management	None
Mercy Kirui	40	Sponsor Nominated Trustee	9	Yes	Master of Science in Procurement	None
Dr. Consolata Lusweti	46	Sponsor Nominated Trustee	9		PHD Health Promotion	Director Kenya Ports Authority

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REPORT ON GOVERNANCE (CONT'D)

Trustees in Office cont'd

Salim Kumaka	57	Member Elected Trustee	16	Yes	Diploma in Shipping Management	None
Musa Huka	40	Member Elected Trustee	16	Yes	Bachelor Business Administration (HR) ongoing	None

3. The board of trustees held 16 meetings during the year ending the 31st December 2023

The meetings were held on the dates set out hereunder:

Number	Type of meeting	Date
9	Regular Board	22/03/2023, 23/03/2023, 23/05/2023, 24/05/2023, 22/08/2023, 23/08/2023, 07/11/2023, 08/11/2023, 13/12/2023
3	Joint Board (with DB Scheme)	30/01/2023, 12/04/2023, 21/07/2023
4	Special Board	31/03/2023, 21/07/2023, 22/07/2023, 02/10/2023

4. The composition of the board of trustees is as hereunder:

- (a) Gender balance: Female **67 %** Male **33 %**
- (b) Skills mix: No of trustees with financial skills **33.3%**
- (c) Age mix: Number of trustees who are younger than 35 years **0%**
- (d) Number of trustees who are older than 35 years **100 %**

5. Committees of the board

Committee name	Members	No. of meetings held	Any external advisors, invitees to meetings (Yes/No) (if yes, mention the purpose)	Allowances paid (Ksh.)	Allowances paid to advisors, invitees (Kshs.)
None					
None					

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REPORT ON GOVERNANCE (CONT'D)

6. Fiduciary responsibility statement

The board of trustees is the governing body of the **Kenya Ports Authority Retirement Benefits Scheme 2012** 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 the custodian holds all scheme assets and funds.

7. 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

8. Key outcomes

The board of trustees seeks to achieve the following:

- a. Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme.
- b. Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- c. Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

The board of trustees will measure the progress towards these outcomes through.

(a) Triennial members' survey score. The latest score **NONE**

Regular reports and feedback to the sponsor. No. of reports **4**

9. Annual general meeting

The board of trustees held the annual general meeting on the **3rd November 2023** at which **2,884** members, making up **48.82%** of scheme members attended. The board adequately addressed the members' concerns.

Number of attendees	No. of people eligible to attend	Percentage
2884	5908	48.82%

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REPORT ON GOVERNANCE (CONT'D)

10. Members' sensitization

The board conducted the following sensitization activities.	Date held	No. of members who attended	Remarks
Pre-retirement Training	28 th -30 th March 2023, 9 th -14 th May 2023, 20 th - 22 nd September 2023, 27 th -29 th September 3 rd - 05 th May 2023, 11 th -13 th October 2023	717	The training Covered members who were between the age of 45-60 years.
Pension Portal Member Registration and Sensitization	13 th -17 th February 2023, 20 th -24 th February 2024, 01 st to 7 th March 2023, 20 th -24 th March 2023, 27 th -31 st March 2023, 03 rd - 06 th April 2023.	3970	The members were sensitized on the new ERP Pension portal where members are able to access their pension information through the application. Registration was done for members and demonstration on how to interact with the member portal.

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

11. Trustees' remuneration policy

During the year under review, the trustees were paid a gross sum of Kshs 15,781,056. The payments complied with the trustee's remuneration policy of the scheme.

The Trustees attended other events for capacity building, to represent the scheme in industry forums, member engagements and other activities during execution of their responsibilities. The expenses paid for the events was Kshs 14,121,056 while allowances paid for board meetings was Kshs 1,660,000.

12. Board of trustee's 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 Questionnaires and interviews. The board was rated **86%**.

Signed 

Dated 22/03/2024

Dated the 22/03 2024.

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STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

The Retirement Benefit Act (Occupational Retirement Benefits Schemes) Regulations 2000 made under the Retirement Benefits Act, 1997 requires the Trustees to prepare financial statements, which give a true and fair view of the state of affairs of the scheme as at the end of each financial year and of its operating results for that year. It also requires the Trustees to ensure that the scheme keeps proper accounting records, which disclose with reasonable accuracy the financial position of the scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustees accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement Benefit Act 1997. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 (IFRS) and the manner required by the Retirement Benefit Act 1997. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Scheme and of its operating results as at 31 December 2023. 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 statement was approved by the Trustees on22/03/..... 2024 and signed on its behalf by:



TRUSTEE



TRUSTEE

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA PORTS AUTHORITY RETIREMENT BENEFIT SCHEME 2012

Opinion

We have audited the accompanying financial statements of Kenya Ports Authority Retirement Benefit Scheme 2012 as set out on page 13 to 32 which comprise the statement of changes in net assets available for benefits as at 31 December 2023, Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the scheme as at 31 December 2023 and of the disposition of the assets and liabilities other than liabilities to pay benefits falling after the end of the year in accordance with International Financial Reporting Standards (IFRS) and requirements of the Retirement Benefit Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Management, and evaluating the overall financial statement presentation.

We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis to our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the organization's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters to report during the year.

Trustees' Responsibility for the Financial Statements.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Retirement Benefits Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement 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 expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on other legal requirements

As required by the Retirement Benefit Act we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts have been kept by the Scheme, so far as appears from our examination of those books;
- iii. The scheme's Net Assets Statement and Scheme Account are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Ronald N. Bwosi - P/No 1865.

For and on behalf of Ronalds LLP.



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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2023 Kshs	2022 Kshs
Income from Dealings with Members			
Contributions and transfer in	4	2,890,053,189	2,060,645,976
Benefits paid	5	(650,350,227)	(577,135,856)
Net dealings with members		2,239,702,962	1,483,510,120
Return on investments			
Realised income	6	2,331,034,426	1,966,216,594
Unrealised income	7	(2,175,663,162)	(1,473,558,606)
Investment management expenses	8	(47,476,391)	(46,249,052)
Net return on investments		107,894,873	446,408,935
Corporate tax expense-unreg	9	(111,179,910)	(98,672,088)
Administrative expenses	10	(110,868,757)	(110,346,996)
		(222,048,667)	(209,019,085)
Increase in net assets for the period		2,125,549,168	1,720,899,971
Net assets available for benefits at start of the year		19,018,085,960	17,293,461,545
Increase for the period		2,125,549,168	1,720,899,971
Post audit adjustment		-	3,724,444
Net assets available for benefits at the end of the period		21,143,635,128	19,018,085,960

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2023 KSH	2022 KSH
Assets			
Investment	11a	20,941,767,905	19,056,655,930
Property & Equipment	12a	2,309,176	1,481,769
Work in progress - Computer Software	12b	13,757,985	8,865,870
Cash and Bank	13	233,110,388	19,777,962
Receivables	14	20,057,221	16,358,608
Total assets		21,211,002,675	19,103,140,139
Liabilities			
Payables and Accrued Expenses	15	64,726,933	76,822,111
Tax Payable	16	2,640,614	8,232,068
		67,367,547	85,054,179
Net assets available for benefits		21,143,635,128	19,018,085,960
Funded by;			
Member balances		22,279,650,754	19,018,085,960
Revaluation Reserve	11b	(1,136,015,626)	-
Total funds and liabilities		21,143,635,128	19,018,085,960

The financial statements were approved and authorized for issue by the Trustees on.....22/03/2024 and were signed on its behalf by


.....
TRUSTEE


.....
TRUSTEE

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STATEMENT OF CASHFLOWS

	Notes	2023 Kshs	2022 Kshs
Cash flows from operating activities			
Contributions received	4a	2,128,956,728	2,060,645,976
Transfers In	4a	761,096,461	-
Administrative expenses paid	10	(110,868,757)	(104,808,902)
Depreciation on property & equipment	12a	616,676	493,880
Benefits paid to leavers	5	(650,350,226)	(577,135,856)
Receivables and accrued income	14	(3,698,613)	(22,571,459)
Payables and accrued expenses	15	(17,686,632)	12,360,109
Tax paid	9	(111,179,910)	(90,440,020)
Net cash generated from operating activities		<u>1,996,885,728</u>	<u>1,278,543,728</u>
Investing activities			
Purchase of plan investment	11	(3,817,355,905)	(3,651,003,405)
Proceeds from sale/maturity of plan investment	11	530,933,575	1,301,222,262
Investment income received	6	2,075,271,123	1,802,557,335
Purchase of property & equipment	12a	(1,444,084)	-
Purchase of intangible assets	12b	(4,892,115)	(4,387,812)
Investment management expenses paid	8	(47,476,391)	(46,249,052)
Net cash (used) in investing activities		<u>(1,264,963,797)</u>	<u>(597,860,672)</u>
Increase in cash and cash equivalents		<u>731,921,930</u>	<u>680,683,056</u>
Movement in cash and cash equivalents			
At start of year		1,123,752,500	439,345,000
Post audit adjustments		-	3,724,444
Increase in cash and cash equivalents		731,921,930	680,683,056
At end of year	19	<u>1,855,674,430</u>	<u>1,123,752,500</u>

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NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and comply with the International Financial Reporting Standards (IFRSs) and the Retirement Benefit Acts, 1997 as amended, and the guidelines set out in the Accounting Guidelines - Financial Reports of Retirement Benefit Schemes and are prepared in Kenya Shillings.

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 or benefits. The financial position of the Scheme is set out in the statement of financial position.

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.

(b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and as the requirements of the Kenya Retirement Benefits Act, 1997 as amended. The principal accounting policies adopted are as set below:

(c) Changes in accounting policies and disclosures on new standards

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following:

i. New and amended standards adopted by the Scheme

The following standards and amendments have been applied by the Scheme for the first time for the financial year beginning 1 January 2022:

Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFR S16 Interest Rate Benchmark reform – Phase 2

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Scheme.

The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs), instead of derecognizing or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis.

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NOTES TO THE FINANCIAL STATEMENTS

Accounting policies(continued)

(c) Changes in accounting policy and disclosures(continued)

i. New and amended standards not adopted by the Scheme

Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFR S16 Interest Rate Benchmark reform – Phase 2(continued)

The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require entities to provide additional information about new risks arising from the reform and how it manages the transition to ARR. The Scheme is not affected by this amendment

Amendments to IFRS 16- Covid 19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. This amendment had no impact on the Society. The Scheme has not adopted IFRS 16.

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Scheme.

Title	Key requirements	Effective date
Reference to the Conceptual Framework– Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022

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NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies(continued)

(c) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Scheme.

Title	Key requirements	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2022 [possibly deferred to 1 January 2023]

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NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies(continued)

(c) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Scheme.

Title	Key requirements	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalized its research project on the equity method.	N/A
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1 ACCOUNTING POLICIES (CONT 'D)

(d) Revenue recognition

Contributions

Contributions are accounted for in the period in which they fall due. Contributions are generally accounted for on an accrual basis in the period to which they relate.

Investments income

Investment income includes interest and dividends receivable and net exchange (gains/(losses) in the year.

Interest income is recognized for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Dividend income from investments is recognized when the Scheme's rights to receive payment as a shareholder have been established.

(e) Benefits payable

Benefits to members are accounted for in the period in which they fall due.

(f) Investment Properties (IAS 40: Investment Property)

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of changes in net assets available for benefits in the period in which the property is derecognized.

(g) Taxation

The Scheme comprise of exempt and non-exempt fund . Contributions received by the Scheme upto a limit of Kshs 20,000 per employee per month are invested in exempt fund. Contributions above the statutory limit are invested in the non-exempt fund whose investment income is taxed at the corporate rate of 30%.

(h) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Kenya Shillings at rates of exchange ruling at the end of each reporting period. Transactions during the year in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Scheme in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of net assets available for benefits.

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NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(j) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation except as stated below. Historical cost comprises expenditure initially incurred to 'bring the asset to its location and condition ready for its intended use.

Land and buildings and motor vehicles are subsequently shown at market value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously expensed.

Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation used on the revalued carrying amount of the asset (the depreciation charged to statement of comprehensive income) and depreciation based on the asset's original cost is transferred to the retained earnings to revaluation reserve.

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 society and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to statement of comprehensive income during the financial year in which they are incurred.

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

	<u>Rate (%)</u>
Computers and accessories	33.3
Equipment, furniture and fittings	12.5

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet 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 or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

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NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(k) Investment property

Investment property is long-term investments in land and buildings that are not occupied substantially for own use. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in statement of changes in net assets available for benefits.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

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

(l) Intangible assets - computer software

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Accounting software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis at the rate of 33.33% per annum.

(m) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting period, the Scheme reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1 ACCOUNTING POLICIES (CONT 'D)

(n) Events after the reporting period

There were no events after reporting date.

(o) Contingent liabilities and provisions

There were no contingent liabilities as at 31 December 2023

(p) Financial Instruments
Classification

All recognised financial assets within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically :

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows ,and that have contractual cash flows that are solely payments of principal amount outstanding ,are measured subsequently at amortised cost.

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments ,and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ,are measured at fair value through other comprehensive income (FVTOCI).

Other debt instruments and equity investments are measured subsequently at fair value through profit and loss (FVTPL)instruments that are held within a business model whose objective is both to collect the contractual cash.

Despite the foregoing ,the Scheme may make the following irrevocable election/designation at initial recognition of a financial asset.

The scheme may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income;and

The scheme may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In relation to the impairment of financial assets ,IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets .In other words, it is no longer necessary for a credit event to have occurred before losses are recognized.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1 ACCOUNTING POLICIES (CONT 'D)

Impairment of Financial assets (Cont'd)

In particular, IFRS 9 requires the scheme to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not yet increased significantly since initial recognition (except for a purchased or originated credit-impaired financial instrument at an amount equal to 12 months ECL), IFRS 9 also requires a simplified approach for measuring the loss allowance at an equal amount to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with specific accounting policies set out below.

Subscription to Pension Scheme Association

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated at FVTPL.

A financial liability is classified as held for trading if:

- i. It has been acquired principally for the purpose of repurchasing it in the near term.
- ii.

On its recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- iii. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- iv. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- v. It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1 ACCOUNTING POLICIES (CONT 'D)

Financial Liabilities (continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognized in profit or loss incorporated any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Short term deposits

Short terms deposits are stated at amortised cost.

Government Securities

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Government of Kenya. Treasury bills are stated at amortised cost while treasury bonds are classified as fair value through profit or loss stated at fair value.

Corporate Bonds

Corporate bonds are classified as fair value through profit or loss and are stated at market value as at 31 December 2023.

Equity shares

Quoted investments are classified as fair value through profit and loss and are stated at market value as at 31st December 2023.

Unquoted equity investments

Unquoted equity investments are classified as fair value through profit or loss and are stated at market value as at 31st December 2023.

Impairment of assets

The carrying amounts of the Scheme's assets are reviewed annually at the end of each reporting period to determine if there is any indication of impairment. If such a condition is identified, the asset's net recoverable amount is estimated. Where the asset's carrying amount exceeds its net recoverable amount, it's written down immediately to the recoverable amount and the resulting impairment loss is treated as an expense in the statement of changes in net assets available for benefits.

Fair Value

For financial instruments traded in an organised financial market, fair value is determined by reference to quoted market prices.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE SCHEME'S ACCOUNTING POLICIES

In the process of applying the Scheme's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below;

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE SCHEME'S ACCOUNTING POLICIES (continued)

Impairments losses on financial assets

At the end of each reporting period, the Scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impaired loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the statement of changes in net assets available for benefits whenever the carrying amount of the asset exceeds its recoverable amount.

3 FINANCIAL RISK MANAGEMENT

The scheme generates revenues for the members by investing in various income generating activities which involve investing in the equity shares quoted on the Nairobi Securities Exchange and Investing in Government securities. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers and the Trustees under policies approved by the Trustees. The Investment manager review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The Trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

Market Risk

(i) Foreign exchange risk

The scheme does not invest internationally and is not exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from investment in offshore investments.

(ii) Price risk

The scheme is exposed to equity securities price risk because of investments in quoted shares and treasury bonds classified at fair value through the statement of changes in net assets. To manage its price risk arising from investments in equity and debt securities, the Schemes diversifies its portfolio.

Diversification of the portfolio is done in accordance with statement of investment policy which is reviewed after every three years. All quoted shares and government securities held by the Scheme are traded on the Nairobi Securities Exchange (NSE).

(iii) Cash flow and fair value interest rate risk

The Scheme does not have interest rate risks as the interest bearing assets which are investments in treasury bonds, corporate bonds, treasury bills, and fixed deposits are at fixed interest rates.

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NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs	Kshs
4 Contributions and transfer in		
(a) Employer	1,419,304,485	1,373,570,660
Employees	709,652,243	686,785,330
Transfer in	761,096,461	289,986
	<u>2,890,053,189</u>	<u>2,060,645,976</u>
Transfers		
Transfer values represents the amount received in respect of newly joined members from Kenya Ferry Services.		
(b) Other income		
Refund of overpayment bond purchase ILAM	-	43,800
	<u>-</u>	<u>43,800</u>
5 Benefits for the period		
Benefits to leavers	541,987,623	491,150,188
Death benefits	108,362,604	85,985,668
	<u>650,350,227</u>	<u>577,135,856</u>
6 Return on investments		
Treasury bond interest	1,733,718,684	1,570,380,181
Treasury bills interest	12,610,456	6,719,759
Profit/Loss on disposal of equity	9,137,121	1,205,645
Profit on treasury bond sale	1,217,578	6,626,265
Fixed deposit interest	69,223,667	24,080,756
Call deposit interest	64,698,161	25,045,312
Dividends	183,923,854	204,293,218
Account balance interest	741,601	1,783,062
Guaranteed fund	255,763,303	126,038,596
	<u>2,331,034,426</u>	<u>1,966,216,594</u>
7 Fair value change on investments		
Revaluation loss on equity	(1,039,647,535)	(831,774,075)
Revaluation loss on treasury bonds	(1,136,015,627)	(645,489,056)
Revaluation gain on treasury bills	-	3,704,524
	<u>(2,175,663,162)</u>	<u>(1,473,558,606)</u>
The Net rate declared on the guaranteed fund for the year is 11.25%		
8 Investment management expenses		
Fund managers' fees	40,249,810	39,218,347
Custodian fees	7,226,581	7,030,705
	<u>47,476,391</u>	<u>46,249,052</u>
9 Corporate tax		
Taxation (Appendix i)	111,179,910	98,672,088
	<u>111,179,910</u>	<u>98,672,088</u>

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NOTES TO THE FINANCIAL STATEMENTS

	2023 Kshs	2022 Kshs
10(a) Administrative expenses		
Trustees allowances and subsistence	15,781,056	20,434,944
Trustees training	3,337,309	2,481,324
Trustees & staff retreat	2,015,198	1,929,690
Trustees liability insurance cover	532,801	530,762
Board meeting expenses	785,166	615,253
Air tickets	2,601,320	2,322,710
Member education	16,845,324	9,682,754
Customer service week	230,496	-
AGM expenses	5,405,750	5,822,997
Election expenses	1,870,420	-
Audit Fees: External	1,180,000	1,100,000
Internal	2,408,598	1,314,927
Actuarial fees	1,133,600	1,133,600
Legal fees	-	1,248,000
RBA levy	5,000,000	5,000,000
Consultancy	771,632	2,052,166
Office administration expenses	1,425,461	1,167,004
Staff training & professional development	4,573,522	2,598,791
Telephone, wifi, internet, postage & courier	1,218,940	949,617
Bank charges	505,211	576,302
ICT expenses	1,860,670	1,839,300
Subscription to pension scheme association	100,000	100,000
Fundmaster license	-	1,160,000
Motor vehicle running	506,526	299,033
Printing & stationery	599,520	646,592
EDMS annual maintenance cost	-	367,136
Depreciation	616,676	493,880
	<u>71,305,196</u>	<u>65,866,781</u>
(b) Operating expenses		
Expected credit loss allowance – term deposits at amortised cost	-	5,538,094
	-	<u>5,538,094</u>
(c) Staff costs		
Staff costs	32,729,444	32,025,855
PAYE penalty	-	2,700
Staff gratuity expense	6,834,117	6,913,567
	<u>39,563,561</u>	<u>38,942,121</u>
Total administrative expenses	<u>110,868,757</u>	<u>110,346,996</u>

KENYA PORTS AUTHORITY RETIREMENT BENEFITS SCHEME 2012
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NOTES TO THE FINANCIAL STATEMENTS

Investments (cont'd)
(c) Plan investments

Investments at fair value
Year ended 31 December 2022

	Value at 01/01/2022	Purchases at cost	Sale proceeds	Gain/(Loss) on disposal	Change in fair value	Maturities & impairment	Value at 31/12/2022
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Quoted shares	3,563,432,382	464,120,537	(18,530,900)	1,205,645	(831,774,075)	-	3,178,453,589
Kenya government securities	12,259,170,991	2,632,866,761	(14,891,362)	13,346,024	(641,784,532)	(1,267,800,000)	12,980,907,882
Commercial paper and corporate bonds	15,000,000	-	-	-	-	-	15,000,000
Guaranteed fund-Kenindia	1,000,000,000	600,000,000	-	-	186,709,829	-	1,786,709,829
Totals	16,837,603,373	3,696,987,298	(33,422,262)	14,551,669	(1,286,848,778)	(1,267,800,000)	17,961,071,300

The financial assets of the scheme are split between registered and unregistered scheme which are managed by different fund managers.

	Quoted shares		Kenya government securities		Commercial paper and corporate bonds		Value at year end
	Registered	Unregistered	Registered	Unregistered	Registered	Unregistered	
Value as at start of the year	2,653,346,213	910,086,170	9,310,951,839	2,948,219,152	15,000,000	-	15,837,603,374
Purchase cost	347,845,822	116,274,714	1,520,712,910	1,112,153,851	-	-	3,096,987,297
Sale proceeds	-	(18,530,900)	(11,842,079)	(3,049,283)	-	-	(33,422,262)
Gain/(Loss) on disposal	-	1,205,645	6,881,126	6,464,899	-	-	14,551,670
Change in fair value	(651,101,392)	(180,672,682)	(509,960,070)	(131,824,462)	-	-	(1,473,558,606)
Maturities	-	-	(883,600,000)	(384,200,000)	-	-	(1,267,800,000)
Value at the end of year	2,350,090,643	828,362,947	9,433,143,726	3,547,764,157	15,000,000	-	16,174,361,473

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NOTES TO THE FINANCIAL STATEMENTS

11 Investments	2023	2022
(a) Plan investments	Ksh	Ksh
Quoted shares	2,052,016,397	3,178,453,590
Kenya government securities	13,838,129,100	12,980,907,883
Commercial paper and corporate bonds	15,000,000	15,000,000
Guaranteed fund-Kenindia	3,422,448,275	1,786,709,829
Fixed and bank deposits	1,622,564,043	1,103,974,538
Provision for expected credit loss	(8,389,910)	(8,389,910)
	20,941,767,905	19,056,655,930

Investments at fair value

	Value at 01/01/2023 Kshs	Purchases at cost Kshs	Sale proceeds Kshs	Gain/ loss on disposal Kshs	Change in fair value Kshs	Maturities & impairment Kshs	Value at 31/12/2023 Kshs
Quoted shares	3,178,453,590	58,795,284	(149,941,094)	4,356,151	(1,039,647,535)	-	2,052,016,396
Kenya government securities	12,980,907,883	2,378,585,478	-	1,217,578	(1,136,015,626)	(386,566,213)	13,838,129,100
Commercial paper and corporate bonds	15,000,000	-	-	-	-	-	15,000,000
Guaranteed fund-Kenindia	1,786,709,829	1,379,975,143	-	-	255,763,303	-	3,422,448,275
Totals	17,961,071,302	3,817,355,905	(149,941,094)	5,573,729	(1,919,899,858)	(386,566,213)	19,327,593,771

The financial assets of the scheme are split between registered and unregistered scheme which are managed by different fund managers.

	Quoted shares		Kenya government securities		Commercial paper and corporate bonds		Value at year end
	Registered	Unregistered	Registered	Unregistered	Registered	Unregistered	
Value as at start of the year 2023	2,350,090,643	828,362,947	9,433,143,726	3,547,764,157	15,000,000	-	16,174,361,473
Purchase cost	-	58,795,284	1,067,025,826	1,311,559,652	-	-	2,437,380,762
Sale proceeds	(103,807,754)	(46,133,340)	-	-	-	-	(149,941,094)
Gain/(Loss) on disposal	4,356,151	-	(939,180)	2,156,758	-	-	5,573,729
Change in fair value	(809,324,838)	(230,322,697)	(901,357,901)	(234,657,725)	-	-	(2,175,663,161)
Maturities	-	-	(245,458,045)	(141,108,168)	-	-	(386,566,213)
Value at the end of year	1,441,314,202	610,702,195	9,352,414,426	4,485,714,674	15,000,000	-	15,905,145,496

The real People Bond was purchased in 2015 by the Previous Fund Manager M/S Britam Asset Managers and Impaired by Kshs.35,000,000 in 2021.The balance relates to the balance outstanding after impairment.

(b) Revaluation reserve

Unrealised losses on government securities	1,136,015,626	-
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The Retirement Benefit (Occupational Retirement Benefit Scheme) (Amendment) Regulations,2023 which are gazetted by the Cabinet Secretary for the National Treasury and Economic Planning on 21st December 2023 provide that unrealised gains and losses arising from valuation of financial assets using the fair value approach shall not form part of the distributable income hence the creation of the valuation reserve fund.The retirement Benefits Authority issued Notice to the Retirements Benefits Industry on Amendments to the Retirement Benefits Regulations where it clarified that net returns declared and credited to members accounts shall exclude both gains and losses arising from changes in the value of debt instruments(bonds) held by the Scheme at the end of the financial year.

KENYA PORTS AUTHORITY RETIREMENT BENEFITS SCHEME 2012
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NOTES TO THE FINANCIAL STATEMENTS

12a Property and equipment

	Computer & Accessories Kshs	Furnitures & Equipments Kshs	Total Kshs
Cost			
At start of year 01/01/2023	2,000,724	468,804	2,469,529
Additions	1,444,084	-	1,444,084
At end of Period 31/12/2023	3,444,808	468,804	3,913,612
Depreciation			
At start of year 01/01/2023	800,238	187,522	987,760
Charge for the Period	522,915	93,761	616,676
At end of the Period 31/12/2023	1,323,153	281,283	1,604,436
Net book value - 31 December 2023	2,121,655	187,521	2,309,176
Net book value - 31 December 2022	1,200,487	281,282	1,481,769

(b) Intangible Assets

	2023 Kshs	2022 Kshs
ERP Software		
ERP project-work in progress b/f 01/01/2023	8,865,870	4,478,000
Additions	4,892,115	4,387,870
Net book value	13,757,985	8,865,870

The amount of 13,757,985 relates to joint ERP project (Between DB & DC under joint implementation)

13 Cash & Cash equivalents

Cooperative Bank a/c 40000(GenAfrica)	117,084,452	2,571,661
Cooperative Bank a/c 40001(ILAM)	81,763,070	128,291
Stanbic account a/c 0100002781179	34,262,866	17,078,010
	<u>233,110,388</u>	<u>19,777,962</u>

14 Receivables and accrued Income

Dividend receivable	-	16,358,608
Call deposits interest receivable	7,529,630	-
Fixed deposits interest receivable	11,276,555	-
Receivable from DB(KPAPS)	1,251,036	-
	<u>20,057,221</u>	<u>16,358,608</u>

15 Payables and accrued expenses

Accrued expenses	16,739,657	12,211,299
Due to DB(KPAPS)	12,252,542	12,884,852
Staff gratuity earned	17,238,179	12,203,094
RBA levy payable	5,000,000	5,000,000
Benefits payable	10,327,462	32,047,164
Death benefits payable	3,169,093	2,475,702
	<u>64,726,933</u>	<u>76,822,111</u>

16 Tax Payable

Corporate tax Payable-unregistered Fund	2,640,614	8,232,068
	<u>2,640,614</u>	<u>8,232,068</u>

KENYA PORTS AUTHORITY RETIREMENT BENEFITS SCHEME 2012
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Kshs	Kshs
16 Taxation		
Tax is charged on investment income earned from the unregistered contribution net of associated		
(a) expenses at the rate of 30%		
Investment income - Unregistered	408,529,543	366,882,491
Deductible expenses - Unregistered	(37,929,842)	(37,975,530)
Taxable income	370,599,702	328,906,961
Tax thereon at 30%	111,179,910	98,672,088
Tax charge for the period	<u>111,179,910</u>	<u>98,672,088</u>
(b) Corporate tax		
Balance brought forward	8,232,068	15,735,300
Tax paid	(8,232,068)	(15,735,300)
Tax charge for the period	111,179,910	98,672,088
Installment taxes paid in the year	<u>(108,539,296)</u>	<u>(90,440,020)</u>
	<u>2,640,614</u>	<u>8,232,068</u>

17 Contingent assets

The Scheme, through Ethics & Anti-corruption Commission is a plaintiff in a legal proceeding in the High Court of Kenya which commenced by way of a plaintiff on 21 June 2017 seeking recovery of Ksh 70 Million against Kikambala Development Company Ltd and other defendants jointly and severally being money allegedly obtained by the defendants out of Kenya Ports Authority Scheme.

18 Related party transactions

Related parties comprise the trustees, the sponsoring Company and companies which are related to these parties through common shareholding or common directorships.

The following transactions were carried out with related parties during the year.

	Note	2023	2022
		Kshs	Kshs
Receivable from DB(KPAPS)	14	1,251,036	-
Due to DB (KPAPS)	15	12,252,542	12,884,852
19 Cash & cash equivalents			
Cash at bank		233,110,388	19,777,962
Deposits		1,622,564,043	1,103,974,538
		<u>1,855,674,431</u>	<u>1,123,752,500</u>

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and

fixed and term deposits held with banks maturing within 3 months from the date of acquisition

20 Presentation currency

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

21 Events after accounting period

The Trustees are not aware of any matters

TAXABLE INCOMES	
DC INCOME SPLIT AS PER FUND	UNREGISTERED
Profit /Loss on Disposal of Treasury Bills	-
Profit /Loss on Disposal of Treasury Bonds	2,156,758
Profit /Loss on Disposal of Equity	-
Treasury Bond Interest	357,712,307
Fixed Deposit Interest	5,256,301
Call Deposit Interest	43,165,585
Account Interest	238,593
Accrued Interest-Guaranteed Fund	-
TOTAL TAXABLE INCOME	408,529,543
TAX ALLOWABLE EXPENSES	
DC EXPENSE SPLIT AS PER FUND	UNREGISTERED
Fund Management Fees	9,641,400
Custodial Fees	1,731,048
Audit Fees: Current	859,609
Bank Charges	121,018
AGM expenses	1,294,888
ICT expenses	445,703
Actuarial Fees	271,541
Subscription to pension schemes	23,954
Motor vehicle running expenses and Insurance	121,333
Pension Week and Member Sensitization expenses	4,035,112
Printing & Stationery	143,608
RBA Levy	1,197,695
Staff Training	1,095,537
Trustees Allowances and Subsistence	3,780,179
Trustees Training	799,416
Trustees & Staff Retreat	482,719
Trustees Liability Insurance Cover	127,627
Air Tickets	623,118
Board Meeting Expenses	188,078
Customer Service Week	55,213
Election Expenses	448,039
Telephone, Wifi, Internet, Postage & Courier	291,984
Consultancy	184,836
Office Administration expenses	341,453
Depreciation	147,718
Staff Costs	7,839,979
Gratuity	1,637,038
Total expenses	37,929,843
Taxable Incomes	370,599,701
Tax Payable at 30%	111,179,910
Less Installment Taxes Made in 2023	
1st installment Tax-2020230001136409	27,134,824
2nd installment Tax-2020230001868931	27,134,824
3rd installment Tax-2020230003251809	27,134,824
4th installment Tax-2020230004600376	27,134,824
Total Installment Taxes Paid in 2023	108,539,296
Tax Payable (Final Tax 2023)	2,640,614