



KENYA PORTS AUTHORITY  
PENSION SCHEME (DB SCHEME)

POWERED BY  
INNOVATION



2024  
ANNUAL REPORT &  
FINANCIAL STATEMENTS





# TABLE OF CONTENTS

## NOTICE OF THE AGM

4

### 1. SCHEME OVERVIEW

- ▶ Scheme Information 6
- ▶ Mission, Vision & Core Values 8
- ▶ History of the Scheme 9
- ▶ Member-Centric Digital Transformation 10
- ▶ Digitization Roadmap 13

### 2. SCHEME HIGHLIGHTS

- ▶ Scheme Highlights 15

### 3. SCHEME INVESTMENTS

- ▶ Scheme Investments & Activities 19

### 4. SCHEME GOVERNANCE

- ▶ Chairman's Statement/Taarifa ya Mwenyekiti 25
- ▶ Board of Trustees 35
- ▶ Scheme Administrator's Report/Taarifa ya Msimamizi wa Hazina 39
- ▶ The Secretariat Staff 48

### 5. FINANCIAL REPORT & STATEMENTS

- ▶ Report of the Trustees 51
- ▶ Statement of Trustees' Responsibilities 54
- ▶ Corporate Governance Statement 55
- ▶ Independent Auditor's Report 61
- ▶ Statement of Changes in Net Assets Available for Benefits 63
- ▶ Statement of Net Assets Available for Benefits 64
- ▶ Statement of Cash Flows 65
- ▶ Notes to the Financial Statements 66



The main purpose of the Scheme is to **provide cash benefits and pensions to members upon attaining the retirement age,** and, where applicable, to provide **benefits to the dependents of deceased members.**



# Notice for the Annual General Meeting 2024(DB Scheme)

**NOTICE IS HEREBY GIVEN** that the **18<sup>th</sup> Annual General Meeting** of Kenya Ports Authority Pension Scheme (DB Scheme) will be held on **Friday 17<sup>th</sup> October 2025**, starting at **9.00am** at **Kisumu Port (Pier)**. Pensioners from all regions, contributing and deferred members of KPA Pension Scheme (DB Scheme) are requested to attend the Annual General Meeting to transact the following business.

1. Reading of the notice and Agenda
2. Opening of Meeting and Introductions
3. Consideration and Adoption of the Minutes of the 17th AGM
4. Report by the Chair of the Board of Trustees
5. Report by the Managing Director (Sponsor)
6. Presentation of the Audited Accounts for the year ended December 31, 2024, by the Scheme Auditor
7. Presentation of the Investment Report by the Scheme's Fund Managers
8. Presentation of the Custodial Report by the Scheme's Fund Custodian
9. Presentation of the Structure of Benefits by the Scheme Actuary
10. Presentation on Retirement Benefits Industry Changes by a representative from the Retirement Benefits Authority
11. Questions and Answers
12. Vote of Thanks



## IMPORTANT NOTES FOR MEMBERS

- **Identification:** Members are requested to bring appropriate identification documents and to be seated by **8:45 AM**.
- **Access to Documents:** Copies of the Scheme's Audited Accounts will be available for perusal at the Scheme's registered offices or can be downloaded from the Scheme's website at [www.kpapension.co.ke](http://www.kpapension.co.ke).
- **Travel Costs:** Please note that the cost of travel and attendance is **NON-REFUNDABLE**.

By Order of the Board,

Bernard K. Kibet  
**SCHEME ADMINISTRATOR**



**01** SCHEME  
OVERVIEW

# Scheme Overview

## SCHEME REGISTERED OFFICE, TRUSTEES AND PROFESSIONAL ADVISORS



**TRUSTEES**

Mr. Justus Omae Nyarandi (Appointed 12 May 2023)  
Mr. David Bonyi (Appointed 12 May 2023)  
Ms. Catherine Wangari (Appointed 12 May 2023)  
Mr. Emmanuel Kibet Kirui (Appointed 12 May 2023)  
Mr. Francis Tsuma (Appointed 12 May 2023)  
Mr. Ferdinand K. Malumbo (Elected 30 November 2023)  
Ms. Violet M.O. Mugambi (Elected 30 November 2023)  
Ms. Susan W.K. Leli (Elected 30 November 2023)  
Ms. Caroline Maina Njoki (retired on 1 April 2025)  
Mr. Ahmed Ali Muktar (Appointed 23 April 2025)



**CUSTODIAN**

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



**EMPLOYER/SPONSOR**

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



**SCHEME ADMINSTRATOR**

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



**SECRETARY**

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



**ACTUARY**

Actuarial Services E.A Limited  
P. O. Box 10472 - 00100  
Nairobi

# Scheme Overview



## FUND MANAGERS & PROPERTY ADVISORY

1. Co - op Trust Investment Services Limited  
Co - operative House 13th Floor  
P.O. Box 48231 - 00100, Nairobi  
Telephone: 020 3276416
2. Fusion Investment Management Limited  
4th Floor, Ngong Towers  
P.O. Box 48231 - 00100, Nairobi
3. GenAfrica Asset Managers Limited  
14 Riverside Business Park  
P.O. Box 79217 - 00200  
GPO Nairobi



## INDEPENDENT AUDITORS

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



## 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.  
P. O. Box 83615 - 80100  
Mombasa
2. KCB Bank Kenya Limited  
P. O. Box 90254 - 80100  
Mombasa
3. Stanbic Bank Kenya Limited  
P. O. Box 90131 - 80100  
Mombasa



## LAWYERS

1. M/s CM Advocates LLP
2. M/s Kittony Maina Karanja & Company
3. M/s Lumatete Muchai & Company
4. M/s Miller and Company Advocates
5. M/s MMC Africa Law
6. M/s Muthee Soni & Associates
7. M/s Munyithya Mutugi Umara & Muzna Advocates
8. M/s Nyiha Mukoma & Company
9. M/s Robson Harris & Company
10. M/s Kaplan & Stratton Advocates
11. M/s M/s J P Ngoya & Associates Advocates
12. M/s Nyachae & Ashitiva Advocates
13. M/s Cootow & Company Advocates

# Scheme Overview

## MISSION, VISION & CORE VALUES



### VISION

To prudently invest scheme assets and optimize on returns to enhance member benefits.



### MISSION

A stable and sustainable scheme for generations



### CORE VALUES



#### Teamwork

We collaborate and focus on a common team goal in order to maximize effectiveness. Every team member is a keeper of the other, valuing the common good more than individual interest and supporting one another's efforts with respect.



#### Excellence

We are committed to being the best in order to deliver the finest and ever improving service to our customers.



#### Simplicity

We strive for simplicity and clarity in inspiring change and delivering sustainable value.



#### Integrity

We demonstrate honesty, fairness, truthfulness and openness in all our interactions, behavior and practices within the organization and with our each other, our customers and all our stakeholders.



# Scheme Overview

## HISTORY OF THE SCHEME



**Prior to 1998, the history of the Scheme dates to 1932 – 1933 where transport logistics were provided through the Kenya and Uganda Railways and Harbours Corporation.**



The Scheme was by then regulated by the Kenya and Uganda Railways and Harbours European Officers Pension Regulations of 1932 which continued to govern the scheme along with subsequent amendments up until the dissolution of the East African Community in 1977.

Over the period 1969 to 1977, the East African Cargo Handlers Corporation handled all cargo related business while Kenya Ports Authority handled the real estate issues. The employees of the EACHC contributed to the scheme while the KPA Scheme was non-contributory.

Kenya Ports Authority was established through an Act of parliament on 20th January 1978 under Act chapter 371 laws of Kenya after the East African Harbours Corporation ceased following the breakup of the East African Community in 1975. In 1983, the Kenya Ports Authority (Pensions) regulations were gazetted and deemed to have come into force in 1st January 1978. In this period, the Kenya Cargo Handling Services Ltd Staff Pension Scheme was established on 16th March 1981 and commenced on 1st September 1982 as per the published TDR.

In 1986, following the merger of the Kenya Ports Authority and the Kenya Cargo Handling Service Ltd, the employees of KPA were transferred to the Kenya Cargo Handling Services Ltd Staff Pension Scheme and the sponsor, KPA, was deemed to have absorbed all liabilities of the scheme. The later, Kenya Cargo Handling Services Ltd, had a contributory scheme whereas KPA had a non-contributory pension scheme for staff.



**The Scheme was established with effect from 1st April 1998 and is governed by a Trust Deed and Rules dated 1st April 1998.**



It is a defined benefit scheme and provides, under the rules of the Scheme, retirement benefits for the Employees of Kenya Ports Authority (KPA). It is a tax-exempt approved scheme under the Income Tax Act and is registered with the Retirement Benefits Authority.

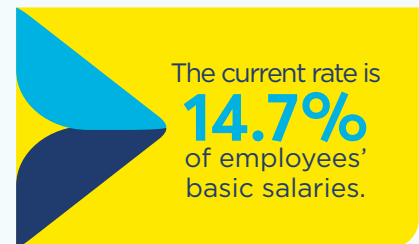
Employees contribute to the Scheme at the rate of 7.5% of their respective basic salaries. The employer contributes at rates based on periodic advice of the actuary. The current rate is 14.7% of employees' basic salaries.

The main purpose of the Scheme is to provide cash benefits and pensions to members upon attaining the retirement age, and, where applicable, to provide benefits to the dependants of deceased members.

In compliance with the Treasury Circular No. 18/2010 dated 24th November 2010, KPA undertook a redesign of the retirement benefits arrangement whereby a new defined contributory (DC) scheme 2012 was established with effect from 1st January 2013. As stipulated in the circular, the

members who were below 45 years were required to transfer and join the new DC scheme.

The members who were 45 years and above were given the option to either remain in this scheme or move to the DC Scheme.



# Scheme Overview

## MEMBER-CENTRIC DIGITAL TRANSFORMATION

The scheme's digital transformation strategy is not merely a technology upgrade - it is a strategic enabler that strengthens operational resilience, protects assets, and delivers better value to delivering best-in-class retirement benefits to our members.

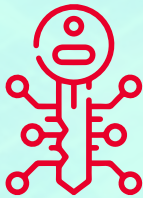
By modernizing systems, automating processes, enhancing cybersecurity, and improving digital service channels, the Scheme is safeguarding its financial sustainability while delivering faster, more reliable, and member-focused services.

Our digital transformation journey remains central to our strategy for operational excellence and member satisfaction.



# Scheme Overview

## MEMBER-CENTRIC DIGITAL TRANSFORMATION (CONT'D)



### Key Digital initiatives:

- Deployment of member apps and portals with real-time account visibility.
- Cross-functional collaboration through ERP Implementation with workflow digitization for claims, contributions, and benefits processing and integration across Finance, HR, and investment functions.
- Leveraging digital multi-channel communication platforms (email and SMS) to provide timely updates, enhance transparency, educate members, and promote transparency.
- Personalized benefit statements and interactive projection tools.
- Roll out E-Board for digital governance and board documentation management.
- Integrate systems for real-time data sharing between ERP, EDMS, and Member Portal.
- Continuous vulnerability scanning and penetration testing.
- Disaster recovery and business continuity readiness.
- Foster a security-conscious culture through continuous cyber security awareness and training.
- Cloud infrastructure for scalability and agility.



### Our Success Stories this year.

**Integration between member app and member portal with a post-retirement medical fund modeler for the continuation of medical coverage upon retirement.**

**Actively embracing digital transformation, revamping our website to provide timely updates, educate members, and promote transparency.**

# Scheme Overview

## MEMBER-CENTRIC DIGITAL TRANSFORMATION (CONT'D)

### THE FUTURE IS DIGITAL



- Data governance and privacy, centralized data management with built-in data loss prevention mechanisms.
- Integrate Business Intelligence & Reporting for data-driven decision-making.
- Biometric Authentication with facial/voice matching during census periods.
- AI-powered members service support assistants and chatbots.



# Scheme Overview

## DIGITIZATION ROADMAP



### Quick Wins (2021-2022)

#### Strength Baseline:

- ▶ Installation of firewalls, email setup, website launch, and backup setups.



### Medium Term (2022-2023)

#### Efficiency & Productivity:

- ▶ Rollout of ERP systems and standard operating procedures (SOPs).
- ▶ Establishment of ICT policies and governance strategies.



### Long Term (2023-2024)

#### Business Process Support:

- ▶ Full back-office automation using the ERP system.
- ▶ High availability and virtualization.
- ▶ CRM system for members, online member portal, IDD System, Trust Fund System, and PRMF system integration.



### 2024-2025

#### Continuous Emerging Technology:

- ▶ Focus on integration, trend review, reporting (BI), digital rights management, and data loss prevention.
- ▶ Implementation of biometrics with face/voice matching.



### 2025-2026

#### Data-Driven Adaptation & Continuous Improvement:

- ▶ Emphasis on business continuity and disaster recovery, change management, and collaboration.
- ▶ Exploration of new opportunities and innovation.

The Scheme is committed to driving further digital transformation initiatives that will enhance operational efficiency, improve customer satisfaction, and ensure robust risk management practices. Our future roadmap outlines a strategic approach to achieving these goals, positioning us for continued success.



# 02 SCHEME HIGHLIGHTS

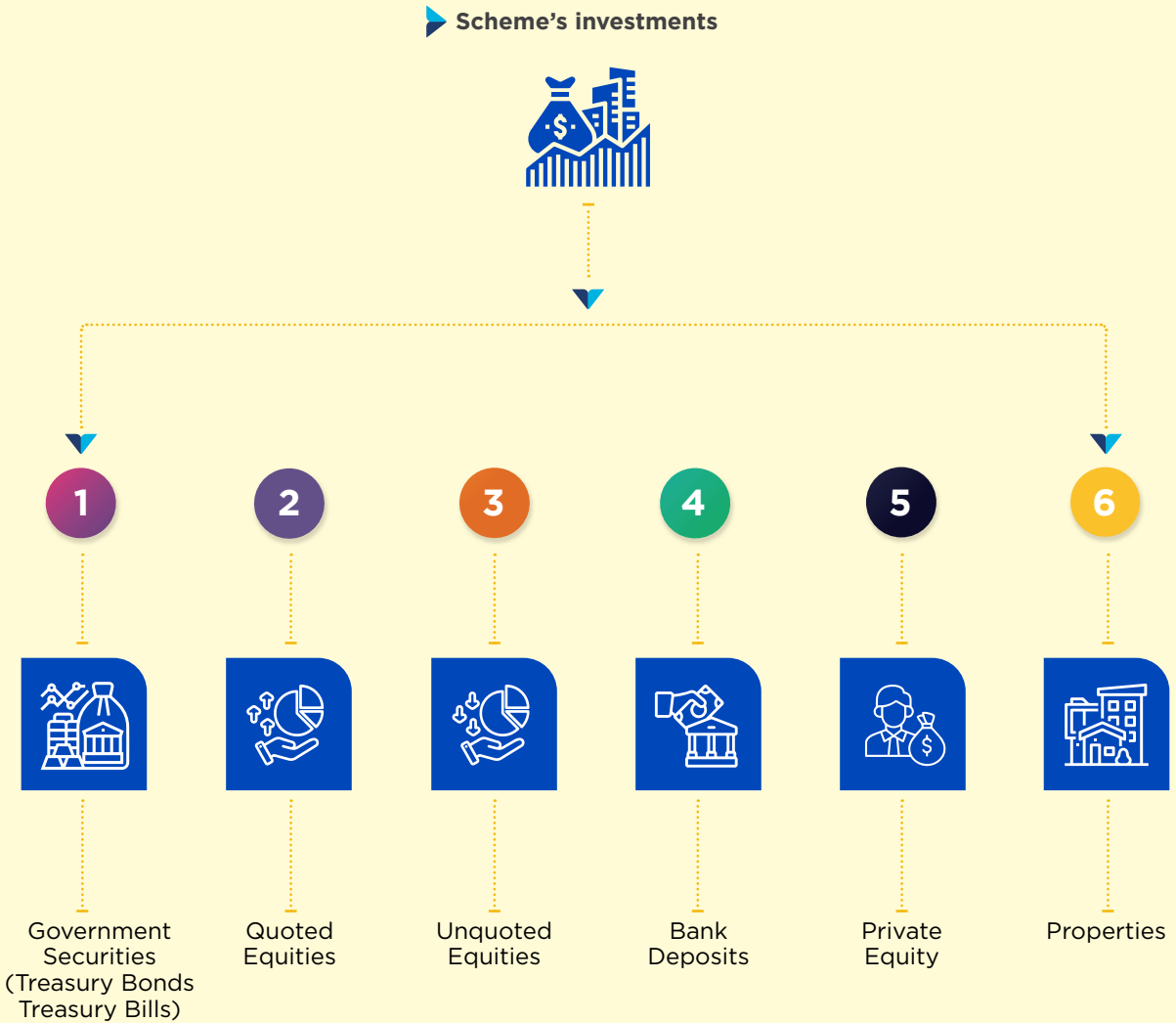
# Scheme Highlights



## FUNDS INVESTMENTS

Our primary objective is to achieve returns that will meet the Fund's long-term financial obligations. These obligations include providing pension benefits to employees upon retirement or withdrawal, as well as supporting the beneficiaries of deceased members.

The Scheme's investments include:



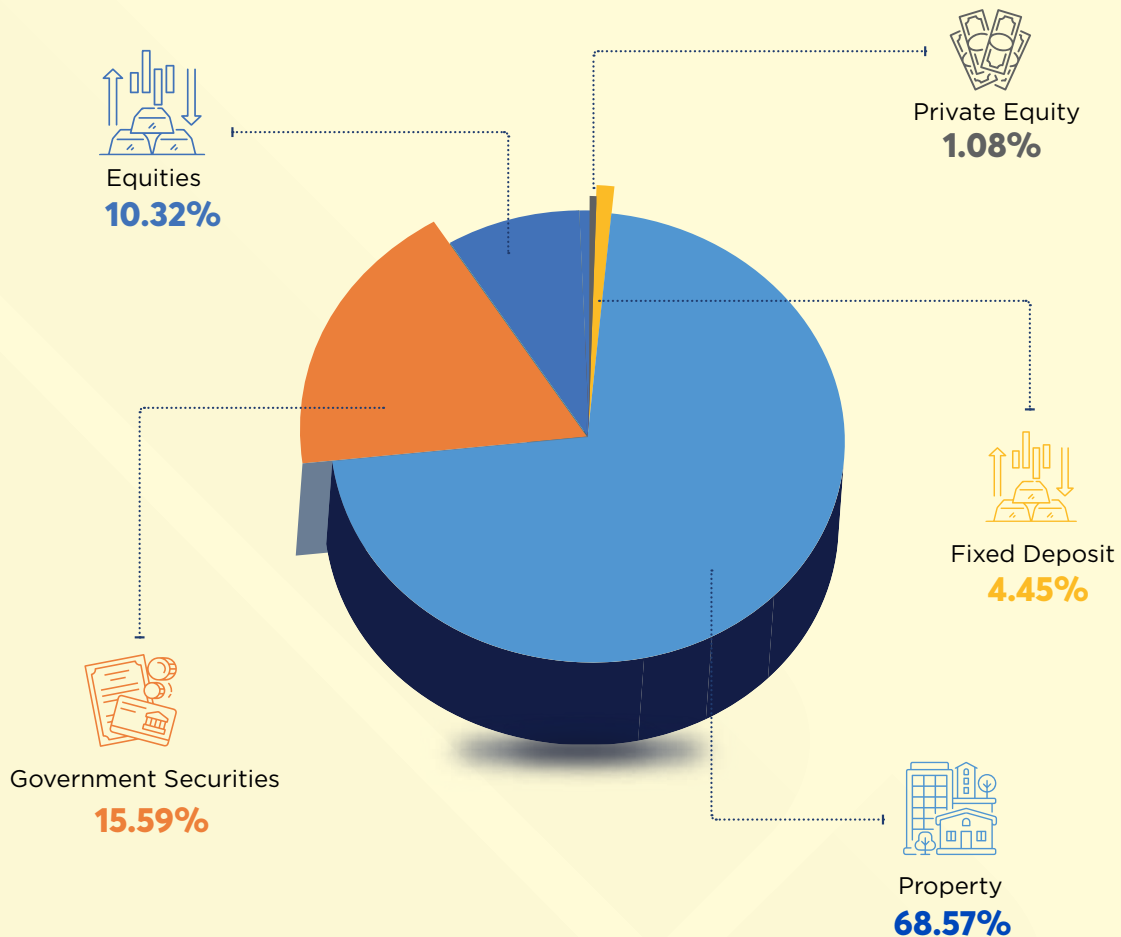
All investments are made in accordance with the guidelines set by the Retirement Benefits Authority (RBA), the Scheme's Investment Policy Statement, and the Strategic Plan.

# Scheme Highlights

## FUNDS INVESTMENTS (CONT'D)

Property forms the largest asset class of the scheme. The board of Trustees has put in place measures to reduce the allocation to enhance portfolio returns as well as Comply with the Retirement Benefits Authority regulations.

### Asset Allocation



#### ASSET CLASS

- Equities
- Private Equity\*\*
- Property
- Government Securities
- Fixed Deposit

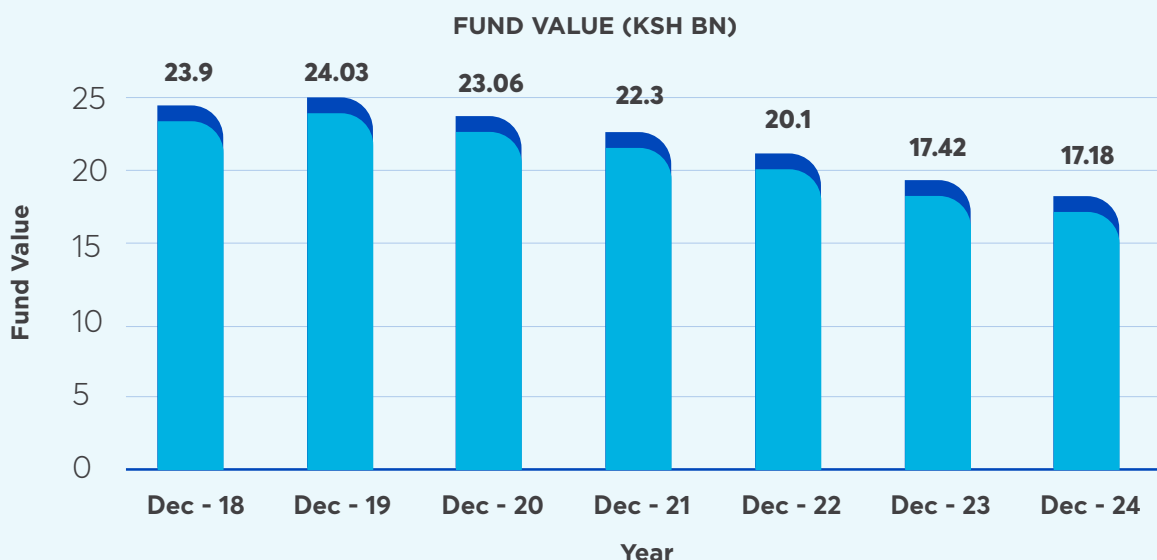
| ASSET CLASS           | MARKET VALUE          | % HOLDING   |
|-----------------------|-----------------------|-------------|
| Equities              | 1,627,465,926.00      | 10.32%      |
| Government Securities | 2,458,373,379.00      | 15.59%      |
| Private Equity        | 169,804,821.00        | 1.08%       |
| Fixed Deposit         | 701,623,155.00        | 4.45%       |
| Property              | 10,813,530,000.00     | 68.57%      |
| <b>TOTAL</b>          | <b>15,770,797,281</b> | <b>100%</b> |



# Scheme Highlights

## FUNDS VALUE

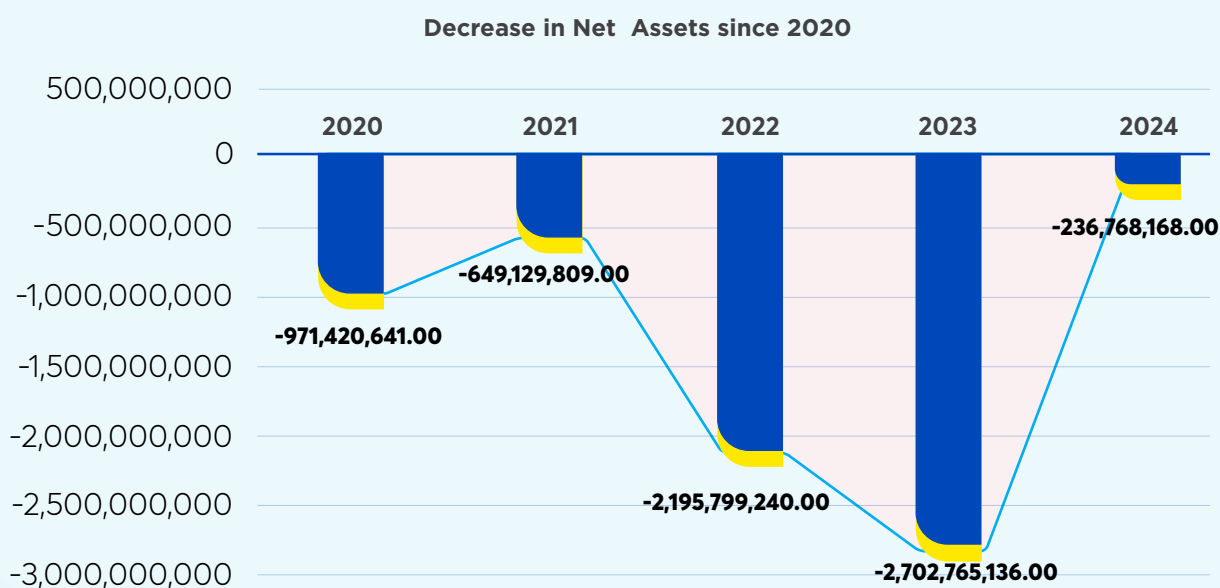
The Scheme is closed to new active members, and the number of contributors continues to decline while the number of pensioners and beneficiaries increases. As a result, contribution income is decreasing year on year. The fund value has gradually decreased as a result. The fund closed at Kes.17.18Bn as of 31st December 2024.



The scheme fund value as of 31st December 2024 is **Kshs.17.18Bn**.

## DECREASE IN NET ASSETS

In 2024, the assets recorded a modest decline of Kshs. 0.2Bn — the smallest in five years — reflecting a strong improvement in performance and a positive outlook going forward.

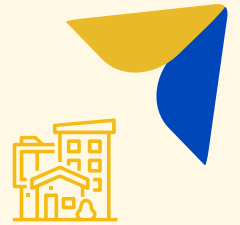




# 03 SCHEME INVESTMENTS

# Scheme Investments

## KPA PENSION SCHEME (DB) INVESTMENTS



▶ Bandari Apartments South C, Nairobi

## SHOW HOUSE



▶ Bandari Apartments show house

# Scheme Investments

## KPA PENSION SCHEME (DB) INVESTMENTS



▶ Bellevue Estate, Nairobi



▶ Cannon Towers

# Scheme Investments

## KPA PENSION SCHEME (DB) INVESTMENTS



▶ Hurlingham Court



▶ Bandari Plaza



▶ Nyaku House

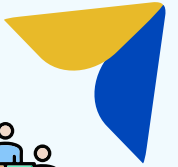
# Scheme Investments

MEMBERS PRE-RETIREMENT TRAINING SESSION IN MOMBASA



# Scheme Investments

## MEMBERS PRE-RETIREMENT TRAINING SESSION IN MOMBASA





**04** SCHEME GOVERNANCE





# Scheme Governance

## CHAIRMAN'S STATEMENT



In 2024, the Scheme rolled out medical and healthcare partnerships to enhance access to affordable health services for pensioners.



**CPA. Omae Nyarandi**  
Chairperson - Board of Trustees Kenya Ports Authority Pension Scheme



Property remained the dominant allocation, representing

**62.94%**  
of Scheme assets



The Board successfully implemented a pension increment in

**2024,**

Dear Esteemed Members,

On behalf of the Board of Trustees, I am pleased to present the Chairman's Report for the year ended 31st December 2024. This report outlines the Scheme's performance, financial position, membership trends, achievements, challenges, and the strategies being implemented to ensure long-term sustainability.

### OVERVIEW OF THE PENSION INDUSTRY IN KENYA

According to the Retirement Benefits Authority, the Kenyan pension industry recorded strong growth in the year ending December 31, 2024, with total Assets Under Management (AUM) rising to Kshs. 2.255 trillion, representing a 14% increase from June 2024. This growth was largely supported by investment income, higher contributions especially from the NSSF following revised contribution limits and a stable macroeconomic environment that bolstered returns.

Government securities remained the largest asset class at 52.5% of total assets, while quoted equities rebounded significantly, growing by 15.6% on the back of a stronger stock market and a stable exchange rate.

Alternative assets such as private equity, offshore investments, and other non-traditional classes also gained traction, highlighting an increasing appetite for diversification. Fund managers continued to dominate the industry, with the top five controlling over 90% of assets, while NSSF's assets grew to Ksh. 476.8 billion, driven by continued implementation of the NSSF Act of 2013.

# Scheme Governance

## CHAIRMAN'S STATEMENT (CONT'D)



**Macroeconomic indicators painted a favourable investment environment, with inflation easing to 3.5% in the second half of 2024, a more stable exchange rate, and lower interest rates, all of which enhanced market performance.**

The Nairobi Securities Exchange recorded strong gains, with the NSE 20 Share Index and All Share Index rising by 21% and 13% respectively, boosting equity turnover and market capitalization. Contributions to pension schemes, including Post-Retirement Medical Funds, showed steady growth, supported by increased uptake from public institutions. The industry's liquidity ratio of 89.18% underscores its resilience in meeting short-term liabilities, though the pension asset-to-GDP ratio at 14.6% remains relatively low compared to middle-income peers, pointing to the need for broader pension coverage.

The Authority is optimistic that the sector is expected to maintain its growth momentum in the first half of 2025, supported by rising contributions, stable fixed-income yields, and continued recovery in the equities market.

### INVESTMENT PERFORMANCE

The Scheme's portfolio recorded moderate growth during the year.

- **Property Investments:** Property remained the dominant allocation, representing 62.94% of Scheme assets, consistent with historical concentration in this class. While property provides long-term capital growth, it significantly constrains liquidity. In the year under review, the property portfolio generated Kshs. 202 million, contributing about 14% of the total Scheme income of Kshs. 1.433 billion. However, relative performance was weak, yielding only 1.94% on its Kshs. 10.8 billion portfolio. This imbalance highlights the risks of over-concentration: a large share of the Scheme's assets is tied to a class that delivers modest returns and is difficult to liquidate when cash flow demands arise. To safeguard sustainability and enhance financial resilience, it is essential to diversify into more liquid and higher-yielding asset classes.
- **Fixed Income & Equities:** These segments offered steady returns and strengthened diversification, supporting the Scheme's benefit payments. Their performance illustrates the stabilizing effect of spreading investments across different asset categories and underscores the need to reduce reliance on property. The return from this class of assets accounted to about 86% of the total income. This is despite this combined class amounting to about 37.06% of the entire scheme fund.
- **Liquidity Management:** The Trustees continued to pursue strategies aimed at balancing return generation with liquidity to meet pension obligations. However, the current property concentration limits the effectiveness of these strategies. A strategic shift toward fixed income, equities, and alternative investments would improve liquidity, optimize returns, and mitigate portfolio risks.





### SCHEME FINANCIAL HEALTH

#### Actuarial Valuation Results

The Scheme's financial position was reviewed by the consulting actuary, Actserve, based on membership data as at 31st December 2024.



**The valuation revealed that the Scheme's deficit deepened to Kshs. 9.020 billion, up from Kshs. 8.724 billion in 2023. Consequently, the funding level declined to 65.58%, compared to 66.6% in 2023.**

Although the deficit increased by 3.44%, the funding level fell by only 1.02%. This indicates a slower rate of decline compared to previous years. Should this trend persist, the Scheme may begin to experience improved sustainability of the fund.

The table below illustrates the historical rate of decline in funding levels.

#### Six-Year Summary of Actuarial Figures

| Item                 | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    |
|----------------------|---------|---------|---------|---------|---------|---------|
| <b>Assets</b>        | 24.032B | 23.061B | 22.387B | 20.121B | 17.419B | 17.182B |
| <b>Liabilities</b>   | 27.942B | 27.440B | 27.416B | 27.108B | 26.143B | 26.201B |
| <b>Deficit</b>       | 3.9B    | 4.4B    | 5.029B  | 6.987B  | 8.724B  | 9.020B  |
| <b>Funding Level</b> | 86%     | 84%     | 81.7%   | 74.2%   | 66.6%   | 65.58%  |

#### Proposed Remedial Actions against the Deficit

##### (a) Realignment of Investment Strategy

- **Implementation of the Property Master Plan:** The Scheme will accelerate the disposal of non-profitable and under-performing property assets to unlock capital currently tied up in low-yield investments. This will improve liquidity and allow reallocation to more diversified, income-generating asset classes.
- **Asset Liability Matching (ALM) Study:** A comprehensive ALM study will be undertaken to align the investment strategy with the Scheme's long-term liability profile. This will ensure that investment decisions are guided by projected benefit obligations, thereby minimizing funding mismatches and enhancing sustainability.
- **Diversification Drive:** Beyond disposal, emphasis will be placed on diversifying into fixed income, equities, and alternative investments to balance liquidity, growth, and risk management.

##### (b) Enhanced Contributions from the Sponsor

- **Current Position:** The Sponsor is already making remedial contributions of Kshs. 103.2 million per month. While significant, this level is insufficient to address the widening funding gap within a reasonable time-frame. The Scheme shall engage the sponsor to increase the level of remedial contributions to alleviate the situation.

# Scheme Governance

## CHAIRMAN'S STATEMENT (CONT'D)

### GOVERNANCE STRUCTURES

The Scheme, through the Board of Trustees, remains committed to ensuring high standards of good governance are maintained. The Board of Trustees conducted a Board Evaluation exercise for the year 2024 and the average score was 90% demonstrating a highly skilled board.

In line with the Retirement Benefits (Good Governance) Guidelines 2018, the Board of Trustees operates through four committees. These are the Finance & Investment Committee, the Administration & Communication Committee, the Audit & Risk Committee as well as the Project Implementation Committee.

The use of Committees enables specialization and the application of expertise in areas such as audit, risk, investments, and governance, leading to deeper analysis and stronger oversight. The Committees also enhance efficiency by handling detailed reviews and groundwork, allowing the full Board to focus on strategic decisions.

### POSITIVES FOR THE YEAR

During the period ended 31st December 2024, the Scheme had the following positives:

#### (a) Pension Increment

The Board successfully implemented a pension increment in 2024, since 2018 This increments was applied in the month of August and October 2024. The next increment subject to funding position of the scheme is in 2027. The Scheme recognizes the importance of cushioning pensioners against inflation and the prevailing harsh economic climate, while at the same time ensuring that such adjustments are made prudently in consideration of the Scheme's overall funding levels.

#### (b) Healthcare Partnerships and Programs

In 2024, the Scheme rolled out medical and healthcare partnerships to enhance access to affordable health services for pensioners. Independent insurance service providers were engaged to provide negotiated medical cover, with a number of pensioners enrolling during the year. Additionally, the Scheme supported members in transitioning from the defunct National Hospital Insurance Fund (NHIF) to the Social Health Insurance Fund (SHIF). These initiatives reflect the Scheme's commitment to safeguarding the health and well-being of its members in retirement.

#### (c) Member Education and Awareness

The Scheme conducted member education and awareness forums across the country to keep members informed on Scheme operations and emerging industry trends. These forums not only provided updates on the Scheme's affairs but also created a platform to sensitize members on how evolving sectoral developments may impact their rights and benefits.

#### (d) Engagement with the Sponsor

The Board of Trustees, through a series of consultations with the Sponsor, successfully secured an increase in remedial contributions from Kshs. 44.6 million per month to Kshs. 103.2 million per month. This milestone demonstrates the joint commitment of the Scheme and the Sponsor to address the actuarial deficit and strengthen the Scheme's financial sustainability.



# Scheme Governance

## CHAIRMAN'S STATEMENT (CONT'D)

### CHALLENGES DURING THE YEAR

The Scheme encountered several challenges in 2024, which continue to impact its financial sustainability and service delivery:

(a) **Funding Level Below 100%**

As at 31st December 2024, the Scheme's funding level stood at 65.5%, well below the statutory minimum of 100%. This indicates that the Scheme's obligations outweigh its available assets. To address this, the Scheme is undertaking an Asset Liability Matching (ALM) exercise aimed at identifying sustainable strategies to mitigate the growth of the deficit and progressively restore the funding level.

(b) **Heavy Allocation in Properties**

The Scheme's investment in property remains significantly above the regulatory threshold, with this asset class yielding the lowest returns. Efforts to divest from certain properties have been delayed by litigation and court injunctions restraining disposal. Nonetheless, the Scheme has adopted alternative measures to improve income, including strategic leasing arrangements and change-of-user approvals to diversify property usage and enhance rental returns.

(c) **Beneficiary Identification**

The identification of rightful beneficiaries, particularly upon the death of a member, remains a challenge in some cases. Disputes among dependants occasionally escalate into legal proceedings, thereby delaying the timely distribution of benefits. To mitigate this, the Scheme has introduced Beneficiary Nomination Forms, which all members are strongly encouraged to complete. This proactive measure is intended to minimize disputes and facilitate smooth and timely payment of benefits to dependants.

(d) **Court Cases**

Another key challenge faced by the Scheme during the year is the high number of court cases, which continue to hinder the Trustees from effectively implementing the Scheme's strategic objectives. Some of these cases relate to the Scheme's decision to dispose of certain properties in order to align the investment portfolio with regulatory limits and diversify asset holdings.

The litigation arising from such decisions has led to delays and, in some instances, stalled the execution of these critical initiatives. Additionally, certain tenants — including some who are members of the Scheme — have filed suits contesting rent adjustments and other measures aimed at optimizing rental income from the Scheme's properties. These legal disputes have collectively slowed progress, limited flexibility in investment management, and impeded the Scheme's broader efforts toward achieving sustainable growth and financial stability.

### FUTURE OUTLOOK

Looking ahead, the Board is focused on restoring the Scheme's financial sustainability through effective implementation of the remedial plan, diversification of the investment portfolio, and enhanced engagement with the Sponsor. Member-centric initiatives such as medical partnerships and education forums will also remain priorities to ensure holistic support for pensioners.

### APPRECIATION

On behalf of the Board of Trustees, I extend my gratitude to our members for their continued trust, to the Sponsor for its support, the Service Providers for standing with us, and to the management team for their tireless efforts. Despite the challenges, the Scheme has made important strides in stabilizing its position and laying a foundation for long-term recovery. With commitment and collective effort, we remain optimistic about securing the retirement benefits of our members for generations to come.

**Thank you.**

**CPA. Omae Nyarandi**  
Chairperson – Board of Trustees  
Kenya Ports Authority Pension Scheme

# Scheme Governance

## TAARIFA YA MWENYEKITI



Katika mwaka wa 2024, Hazina ilizindua ushirikiano wa matibabu na huduma za afya ili kuongeza upatikanaji wa huduma nafuu za afya kwa wastaafu.



**CPA. Omae Nyarandi**  
**Mwenyekiti-BodiyaWadhamini**  
**HazinayaPensheniyaMamlaka**  
**ya Bandari ya Kenya**



Mali isiyohamishika ilibakia kuwa mhusika mkuu, ikiwakilisha

**62.94%**  
ya mali za Hazina.



Bodi ilifanikiwa kutekeleza ongezeko la pensheni mwaka

**2024,**

**Kwa Wanachama Wapendwa,**

**Kwa niaba ya Bodi ya Wadhamini, nina furaha kuwasilisha Ripoti ya Mwenyekiti kwa mwaka ulioisha tarehe 31 Desemba 2024. Ripoti hii inaeleza kuhusu utendaji wa Hazina, hali ya kifedha, mienendo wa uanachama, mafanikio, changamoto na mikakati inayotekelezwa ili kuhakikisha ustahimilivu wa muda mrefu.**

### MUHTASARI WA SEKTA YA PENSHENI NCHINI KENYA

Kulingana na Mamlaka ya Mafao ya Kustaafu, sekta ya pensheni nchini Kenya ilirekodi ukuaji mkubwa katika mwaka ulioisha tarehe 31 Desemba 2024, ambapo jumla ya Mali Zinazosimamiwa (AUM) ilipanda hadi shilingi trilioni 2.255, ikiwakilisha ongezeko la 14% kutoka Juni 2024. Ukuaji huu uliungwa mkono zaidi na mapato ya uwekezaji, michango ya juu hasa kutoka NSSF kufuatia viwango vipya vya michango na mazingira thabiti ya kiuchumi yaliyoimarisha mapato.

Amana za serikali zilibakia kuwa darasa kubwa zaidi la mali kwa 52.5% ya jumla ya mali, huku hisa zilizonukuliwa sokoni zikiongezeka kwa kiasi kikubwa na kukua kwa 15.6% kutokana na kuimarika kwa soko la hisa na kiwango thabiti cha ubadilishaji sarafu. Mali mbadala kama vile mitaji binafsi, uwekezaji wa nje na madarasa mengine yasiyo ya kawaida pia yalipata mwamko, jambo linaloonyesha hamu inayoongezeka ya kuwa na uwekezaji mbalimbali. Wasimamizi wa Hazina waliendelea kutawala sekta, ambapo watano wakuu walidhibiti zaidi ya 90% ya mali, huku mali za NSSF zikikua hadi shilingi bilioni 476.8, zikisukumwa na utekelezaji unaoendelea wa Sheria ya NSSF ya mwaka 2013.



**Viashiria vya uchumi mkuu vilionyesha mazingira mazuri ya uwekezaji, ambapo mfumuko wa bei ulipungua hadi 3.5% katika nusu ya pili ya 2024, kiwango cha ubadilishaji sarafu kikawa thabiti zaidi na viwango vya riba vikapungua, mambo ambayo yaliimarisha utendaji wa soko.**

Soko la Hisa la Nairobi liliandikisha ongezeko kubwa, ambapo Fahirisi ya Hisa ya NSE 20 na Fahirisi ya Hisa Zote zilipanda kwa 21% na 13% mtawalia na kuongeza mauzo ya hisa pamoja na mtaji wa soko. Michango kwa mifumo ya pensheni, ikiwa ni pamoja na Hazina za Matibabu Baada ya Kustaafu, ilionyesha ukuaji wa taratibu, ikisaidiwa na ongezeko la ushiriki kutoka taasisi za umma. Uwiano wa ukwasi wa sekta wa 89.18% unaonyesha uthabiti wake katika kutimiza wajibu wa kifedha wa muda mfupi, ingawa uwiano wa mali za pensheni kwa Pato la Taifa wa 14.6% unabakia kuwa mdogo ukilinganishwa na wenzao wa kipato cha kati, jambo linaloashiria haja ya upanuzi wa wigo wa pensheni.

Mamlaka ina matumaini kwamba sekta itaendelea kudumisha kasi yake ya ukuaji katika nusu ya kwanza ya 2025, ikisaidiwa na ongezeko la michango, mapato thabiti kutoka kwa dhamana zenye kipato cha kudumu na kuendelea kuimarika kwa soko la hisa.

### UTENDAJI WA UWEKEZAJI

Uwekezaji wa Hazina ulirekodi ukuaji wa wastani katika mwaka huo.

- **Uwekezaji wa Mali Isiyohamishika:** Mali isiyohamishika ilibakia kuwa mhusika mkuu, ikiwakilisha 62.94% ya mali za Hazina, kama ambavyo imekuwa desturi katika kundi hili. Ingawa mali isiyohamishika hutoa ukuaji wa mtaji wa muda mrefu, inapunguza sana ukwasi. Katika mwaka huu, uwekezaji wa mali isiyohamishika ulipata shilingi milioni 202, likichangia takribani 14% ya mapato yote ya Hazina ya shilingi bilioni 1.433. Hata hivyo, utendaji ulikuwa dhaifu, kwa kuwa ulitoa mapato ya 1.94% pekee kwa uwekezaji wake wa shilingi bilioni 10.8. Upungufu huu unaonyesha hatari za kuwekeza pakubwa katika sehemu moja: sehemu kubwa ya mali za Hazina iko katika kundi linalotoa mapato madogo na ambalo ni gumu kubadilisha kuwa fedha taslimu wakati mahitaji ya mtiririko wa fedha yanapojitokeza. Ili kulinda ustahimilivu na kuongeza uimara wa kifedha, ni muhimu kusambaza uwekezaji katika madarasa ya mali yenye ukwasi mkubwa zaidi na mapato ya juu.
- **Mapato ya Kudumu na Hisa:** Sehemu hizi zilitoa mapato thabiti na kuimarisha utofauti wa uwekezaji, hivyo kusaidia katika malipo ya mafao ya Hazina. Utendaji wao unaonyesha athari ya uthabiti wa kuwekeza katika katika madarasa tofauti ya mali na unasisitiza haja ya kupunguza utegemezi kwa mali isiyohamishika. Mapato kutoka kwa kundi hili la mali yalihesabiwa kuwa takribani 86% ya mapato yote. Hii ni licha ya kundi hili kwa pamoja kufikia takribani 37.06% ya mfuko mzima wa Hazina.
- **Usimamizi wa Ukwasi:** Wadhamini waliendelea kufuata mikakati inayolenga kusawazisha uundaji wa mapato na ukwasi ili kutimiza wajibu wa pensheni. Hata hivyo, vikomo vya sasa vya uwekezaji katika mali isiyohamishika unapunguza ufanisi wa mikakati hii. Mabadiliko ya kimkakati kuelekea mapato ya kudumu, hisa na uwekezaji mbadala yanaweza kuboresha ukwasi, kuimarisha mapato na kupunguza hatari za uwekezaji.



# Scheme Governance

## TAARIFA YA MWENYEKITI

### HALI YA KIFEDHA YA HAZINA

#### Matokeo ya Tathmini ya Kihisabati

Hali ya kifedha ya Hazina ilikaguliwa na mshauri wa kihisabati, Actserve, kulingana na taarifa za uanachama kufikia tarehe 31 Desemba 2024.



**Tathmini ilionyesha kuwa nakisi ya Hazina iliongezeka hadi shilingi bilioni 9.020, kutoka shilingi bilioni 8.724 katika mwaka wa 2023. Hivyo basi, kiwango cha ufadhili kilipungua hadi 65.58%, ikilinganishwa na 66.6% katika mwaka wa 2023.**

Ingawa nakisi iliongezeka kwa 3.44%, kiwango cha ufadhili kilishuka kwa 1.02% pekee. Hii inaonyesha kupungua kwa kiwango cha kushuka ikilinganisha na miaka iliyopita. Iwapo mwenendo huu utaendelea, Hazina inaweza kuanza kupata ustahimilivu bora wa mfuko.

Jedwali lifuatalo linaonyesha kiwango cha kushuka kwa viwango vya ufadhili kwa miaka iliyopita.

#### Six-Year Summary of Actuarial Figures

| Bidhaa               | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    |
|----------------------|---------|---------|---------|---------|---------|---------|
| Mali                 | 24.032B | 23.061B | 22.387B | 20.121B | 17.419B | 17.182B |
| Wajibu wa kifedha    | 27.942B | 27.440B | 27.416B | 27.108B | 26.143B | 26.201B |
| Nakisi               | 3.9B    | 4.4B    | 5.029B  | 6.987B  | 8.724B  | 9.020B  |
| Kiwango cha Ufadhili | 86%     | 84%     | 81.7%   | 74.2%   | 66.6%   | 65.58%  |

#### Mapendekezo ya Hatua za Marekebisho dhidi ya Nakisi

##### (a) Urekebishaji wa Mkakati wa Uwekezaji

- Utekelezaji wa Mpango Mkuu wa Mali Isiyohamishika: Hazina itaharakisha uuzaji wa mali zisizokuwa na faida na zenye utendaji wa chini ili kufungua mtaji ambao kwa sasa umefungwa katika uwekezaji wenye mapato duni. Hii itaongeza ukwasi na kuruhusu mgawanyo upya katika madarasa ya mali yenye utofauti na yanayozalisha mapato.
- Utafiti wa Ulinganifu kati ya Mali na Wajibu (ALM): Utafiti wa kina wa ALM utafanywa ili kulinganisha mkakati wa uwekezaji na wasifu wa wajibu wa muda mrefu wa Hazina. Hii itahakikisha kuwa maamuzi ya uwekezaji yanaongozwa na wajibu wa mafao yanayotarajiwa, hivyo kupunguza kutokulingana kwa ufadhili na kuimarisha ustahimilivu.
- Kuwekeza Katika Sehemu Mbalimbali: Zaidi ya uuzaji, msisitizo utawekwa kwenye utofauti katika mapato ya kudumu, hisa na uwekezaji mbadala ili kusawazisha ukwasi, ukuaji, na usimamizi wa hatari.

##### (b) Michango Iliyoongezwa kutoka kwa Mdhamini

- Hali ya Sasa: Mdhamini kwa sasa anatoa pesa za ziada za kulipia nakisi za shilingi milioni 103.2 kwa mwezi. Ingawa ni muhimu, kiwango hiki hakitoshi kushughulikia pengo linalo ongezeka la ufadhili ndani ya muda unaokubalika. Hazina itashirikiana na mdhamini kuongeza kiwango cha michango ya ziada ya kulipia nakisi ili kupunguza hali hiyo.



# Scheme Governance

## TAARIFA YA MWENYEKITI

### MIUNDO YA UONGOZI

THazina, kupitia Bodi ya Wadhamini, inaendelea kujitolea ili kuhakikisha kuwa viwango vya juu vya uongozi bora vinadumishwa. Bodi ya Wadhamini ilifanya zoezi la Tathmini ya Bodi kwa mwaka wa 2024 na alama ya wastani ilikuwa 90% jambo linaloonyesha bodi yenye ujuzi wa hali ya juu.

Kwa mujibu wa Miongozo ya Mafao ya Kustaafu (Uongozi Bora) ya mwaka wa 2018, Bodi ya Wadhamini inafanya kazi kupitia kamati nne. Hizi ni Kamati ya Fedha na Uwekezaji, Kamati ya Uongozi na Mawasiliano, Kamati ya Ukaguzi na Hatari pamoja na Kamati ya Utekelezaji Miradi.

Matumizi ya Kamati huruhusu utaalumu na ujuzi maalum kutumika katika maeneo kama vile ukaguzi, hatari, uwekezaji na uongozi, jambo linalosababisha uchanganuzi wa kina zaidi na usimamizi madhubuti. Kamati hizi pia huongeza ufanisi kwa kushughulikia ukaguzi wa kina na maandalizi, hivyo kuruhusu Bodi nzima kujikita kwenye maamuzi ya kimkakati.

### MAMBO CHANYA KATIKA MWAKA HUU

Katika kipindi kilichoisha tarehe 31 Desemba 2024, Hazina ilikuwa na mambo chanya yafuatayo:

#### (a) Ongezeko la Pensheni

Bodi ilifanikiwa kutekeleza ongezeko la pensheni katika mwaka wa 2024, tangu mwaka wa 2018. Ongezeko hii ilifanywa mwezi wa Agosti na Oktoba 2024, ongezeko lingine linatarajiwa mwaka wa 2027 kulingana na hali ya hazina. Hazina inatambua umuhimu wa kuwalinda wastaafu dhidi ya mfumuko wa bei na hali ngumu ya kiuchumi iliyopo, huku ikihakikisha kwamba marekebisho kama haya yanafanywa kwa busara kwa kuzingatia viwango vya ufadhili wa jumla wa Hazina.

#### (b) Ushirikiano na Mipango ya Huduma za Afya

Katika mwaka wa 2024, Hazina ilizindua ushirikiano wa matibabu na huduma za afya ili kuongeza upatikanaji wa huduma nafuu za afya kwa wastaafu. Watoa huduma huru wa bima walishirikishwa ili kutoa bima ya matibabu iliyokubaliwa, ambapo idadi ya wastaafu walijisajili katika mwaka huo. Zaidi ya hayo, Hazina iliunga mkono wanachama waliokuwa wakihama kutoka Mfuko wa Kitaifa wa Bima ya Hospitali (NHIF) uliacha kutumika hadi kwenye Mfuko wa Bima ya Afya ya Jamii (SHIF). Mikakati hii inaonyesha kujitolea kwa Hazina katika kulinda afya na ustawi wa wanachama wake wanapostaafu.

#### (c) Elimu na Uhamasishaji wa Wanachama

Hazina ilifanya midahalo ya elimu na uhamasishaji kwa wanachama kote nchini ili kuwapa taarifa kuhusu shughuli za Hazina na mwelekeo mpya wa sekta. Midahalo hii haikutoa tu taarifa mpya kuhusu masuala ya Hazina bali pia iliunda jukwaa la kuwaelimisha wanachama jinsi maendeleo mapya ya sekta yanavyoweza kuathiri haki na mafao yao.

#### (d) Ushirikiano na Mdamini

Bodi ya Wadhamini, kupitia mashauriano ya mfululizo na Mdamini, ilifanikiwa kupata ongezeko la michango ya marekebisho kutoka shilingi milioni 44.6 kwa kila mwezi hadi shilingi milioni 103.2 kwa kila mwezi. Hatua hii inaonyesha kujitolea kwa pamoja kwa Hazina na Mdamini ili kushughulikia nakisi ya kihisabati na kuimarisha ustahimilivu wa kifedha wa Hazina.

# Scheme Governance

## TAARIFA YA MWENYEKITI

### CHANGAMOTO KATIKA MWAKA HUU

Hazina ilikumbana na changamoto kadhaa katika mwaka wa 2024, ambazo zinaendelea kuathiri ustahimilivu wake wa kifedha na utoaji huduma:

(a) **Kiwango cha Ufadhili Chini ya 100%**

Kufikia tarehe 31 Desemba 2024, kiwango cha ufadhili wa Hazina kilikuwa 65.5%, chini sana ya kiwango cha chini cha kisheria cha 100%. Hii inaonyesha kuwa wajibu wa Hazina unazidi mali zake zinazopatikana. Ili kushughulikia hili, Hazina inafanya zoezi la Ulinganifu wa Mali na Wajibu (ALM) linalolenga kubaini mikakati endelevu ya kupunguza kuongezeka kwa nakisi hiyo na kurejesha hatua kwa hatua kiwango cha ufadhili.

(b) **Mgao Mkubwa katika Mali Isiyohamishika**

TUwekezaji wa Hazina katika mali isiyohamishika unabakia juu sana kuliko kizingiti cha kisheria, huku kundi hili la mali likileta mapato ya chini kabisa. Juhudi za kuuza baadhi ya mali zimecheleweshwa na kesi na amri za mahakama zinazozuia uuzaji. Hata hivyo, Hazina imechukua hatua mbadala za kuongeza mapato, ikiwemo mikataba ya upangishaji wa kimkakati na vibali vya kubadilisha matumizi ya mali ili kuongeza utofauti wa matumizi na kuongeza mapato ya upangishaji.

(c) **Utambulisho wa Wanufaika**

Utambulisho wa wanufaika halali, haswa baada ya kifo cha mwanachama, unabakia kuwa changamoto katika baadhi ya matukio. Mizozo kati ya wategemezi mara nyingine huendelea hadi kuwa kesi, hivyo kuchelewesha mgao wa mafao kwa wakati. Ili kupunguza hili, Hazina imeanzisha Fomu za Uteuzi wa Wanufaika, ambazo wanachama wote wanahimizwa sana kuzijaza. Hatua hii ya mapama inalenga kupunguza migogoro na kuwezesha ulipaji rahisi na wa haraka wa mafao kwa wanufaika.

(d) **Kesi za Mahakamani**

Changamoto nyingine kuu ambayo Hazina ilikabili nayo katika mwaka huu ni idadi kubwa ya kesi za mahakamani, ambazo zinaendelea kuwazuia Wadhamini kutekeleza kwa ufanisi malengo ya kimkakati ya Hazina. Baadhi ya kesi hizi zinahusiana na uamuzi wa Hazina wa kuuza mali fulani ili kulinganisha mkoba wa uwekezaji na viwango vya kisheria na pia kusambaza uwekezaji katika mali mbalimbali.

Kesi zinazoibuka kutokana na maamuzi haya zimesababisha ucheleweshaji na, katika baadhi ya hali, kusitisha utekelezaji wa miradi hii muhimu. Zaidi ya hayo, wapangaji fulani – wakiwemo baadhi ya wanachama wa Hazina – wamefungua kesi wakipinga marekebisho ya kodi na hatua nyingine zilizolenga kuboresha mapato ya kodi kutoka kwa mali za Hazina. Migogoro hii ya kisheria kwa pamoja imechelewesha maendeleo, kupunguza ufanisi katika usimamizi wa uwekezaji na kuzuia jitihada pana za Hazina katika kufanikisha ukuaji endelevu na uthabiti wa kifedha.

### MTAZAMO WA BAADAYE

Kutazamia mbele, Bodi inalenga kurejesha ustahimilivu wa kifedha wa Hazina kupitia utekelezaji bora wa mpango wa kutoa pesa za ziada ili kupunguza nakisi, utofauti wa uwekezaji, na ushirikiano ulioboreshwa na Mdhamini. Mikakati inayomlenga mwanachama kama vile ushirikiano wa matibabu na midahalo ya elimu pia itabaki kuwa kipaumbele ili kuhakikisha kuwa tunatoa usaidizi wa kina kwa wastaafu.

### SHUKRANI

Kwa niaba ya Bodi ya Wadhamini, ninatoa shukrani zangu kwa wanachama wetu kwa kuendelea kutuamini, kwa Mdhamini kwa usaidizi wake, kwa Watoa Huduma kwa kusimama nasi, na kwa timu ya usimamizi kwa juhudi zao. Licha ya changamoto hizo, Hazina imepiga hatua muhimu katika kuimarisha nafasi yake na kuweka msingi wa urejeshaji wa muda mrefu. Kwa kujitolea na jitihada za pamoja, tunaendelea kuwa na matumaini kuhusu kulinda mafao ya kustaafu ya wanachama wetu kwa vizazi vijavyo

**Asante sana.**

**CPA. Omae Nyarandi**  
**Mwenyekiti - Bodi ya Wadhamini Hazina ya Pensheni**  
**ya Mamlaka ya Bandari ya Kenya**

# Scheme Governance

## BOARD OF TRUSTEES



### CPA OMAE NYARANDI

Trustee - Chairman



CPA Omae Nyarandi joined the Scheme on 12 May 2023 as a Sponsor nominated Trustee - KPA Pension Scheme (DB). With over 30 years of experience, he has an MBA (Strategic Management) from the University of Nairobi and a Bachelor of Commerce (Business Administration - UoN). Among his professional qualifications include as a Certified Public Accountant and Certified Secretary and a qualified Procurement Professional.

CPA Omae Nyarandi is former CEO of Northern Corridor and currently he is the Director General of Kenya Maritime Authority.



### DAVID BONYI

Trustee



David joined the Scheme in January 2021 as sponsor nominated Trustee - KPA Pension Scheme (DB) serving his second term. He has a Bachelor of Laws degree from the University of Nairobi and Master of Laws (LLM) in International Trade and Investments Law. He also holds a post-graduate diploma in Law from the Kenya School of Law.

David is an established advocate well experienced in employment law, financial sector regulation, statutory compliance, legal audit and corporate law. He is an advocate of the High Court of Kenya with over 33 years of experience, a Certified Public Secretary (CS) and a qualified trainer in Corporate Governance. He has served in various capacities at the Retirement Benefits Authority and engaged by the IMF and World Bank to countries within the East African region as an Independent Consultant. David has also been contracted by the Government of Gambia to draft a new Pensions Act to replace the Pensions Act of 1950. He is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

**Committee Membership** - Finance and Investment Committee / Administration and Communication Committee



### FERDINAND MALUMBO

Trustee



Ferdinand joined the Scheme in December 2020 as member, elected Trustee - KPA Pension Scheme (DB) serving his second term. He has a diploma in Clinical Medicine & Surgery, Sports Medicine and Higher National Diploma, Clinical Medicine and Surgery (Orthopaedics and trauma) from KMTC. He is a member of the Kenya Clinical Officer Association and Kenya Clinical Officer Council with 29 years of experience.

Ferdinand has served as Bandari FC medical practitioner and is currently a medical practitioner at Bandari Clinic at the Kenya Ports Authority (KPA). Ferdinand is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

**Committee Membership** - Audit & Risk / Project Implementation Committee (SPV)

# Scheme Governance

## BOARD OF TRUSTEES (CONT'D)



**KIBET KIRUI EMMANUEL**

Trustee



Mr. Kibet is a qualified Lawyer and an Advocate of the High Court of Kenya with notable experience and expertise in Business, Commercial and Dispute Resolution. Mr. Kibet is currently a Partner at the H&K Law Advocates, Nairobi. He is a professional member of the Law Society of Kenya and East Africa Law Society. In recognition of his skillful craft, Kibet was appointed by H.E, President of the Republic of Kenya as a Joint Secretary to an independent Tribunal established under Article 251 of the Constitution of Kenya to investigate the Conduct of four (4) Independent Electoral and Boundaries Commission (IEBC) Commissioners. Kibet presently holds the position of Director, Kenya Ports Authority, appointed by the Cabinet Secretary, Ministry of Roads, and Transport in January 2023. At the Board of Directors, Mr. Kibet Chairs the Finance & Asset Committee. He is also a Sponsor Nominated Trustee to the Kenya Ports Authority Pension Scheme.

Mr. Kibet has been recognized by a merit award for pioneering a legal journal for Moi University, School of Law in 2013, as the Editor-in-Chief. He won the National First Place Award in the Youth for Democracy Innovation Award 2012/2013, by the UNDP. He has also published in esteemed law journals and periodicals.

**Committee Membership** - Finance and Investment Committee / Project Implementation Committee (SPV)



**VIOLET MUGAMBI**

Trustee



Violet joined the Scheme in December 2020 as member, elected Trustee - KPA Pension Scheme (DB) serving her second term. She has a Bachelor's degree in Business Administration (Human Resource) from KEMU, and Higher National Diploma in Human Resource Management from Technical University of Mombasa, Masters in Entrepreneurship from KEMU, Master's in Counselling from Manchester University and a PHD in Arts and Counselling from Washington International University. She is currently pursuing a PhD in Human Resource Management in JKUAT.

With 30 years of experience, she is a Certified Professional Mediator and a Certified Human Resource Professional Trainer. She is a member of IHRM and Kenya Association of Psychological Counsellors.

Violet was formally employed as an Administrator (Container Operations) at Kenya Ports Authority (KPA) and is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

**Committee Membership** - Finance and Investment Committee / Administration and Communication Committee



**CATHERINE WANGARI**

Trustee



Catherine joined the Scheme on 12 May 2023 as a Sponsor Nominated Trustee - KPA Pension Scheme (DB). She holds a Bachelor of Commerce (Hons) from the University of Nairobi and a Higher Diploma in HR Management (KNEC). She is currently pursuing a Masters in Human Resource Management (JKUAT). With 25 years of experience, she is a Certified Agile Associate IPMA Level D and holds a Professional Workplace Mediation & Conflict Resolution Certificate from the Mediation Training International, Kenya.

Catherine is a member of the Institute of Human Resource Management (IHRM), has a certificate in Foundations of Industrial Relations and Effective CBA Negotiation Skills from the Federation of Kenya Employers (FKE). Catherine is currently employed at the Kenya Ports Authority (KPA).

**Committee Membership** - Administration & Communication Committee / Project Implementation Committee (SPV)



# Scheme Governance

## BOARD OF TRUSTEES (CONT'D)



**SUSAN LELE**

Trustee



Susan joined the Scheme in November 2023 as member and elected Trustee - KPA Pension Scheme (DB). She holds a Diploma in Leadership Management - African Centre for Professional Development, Advanced Program in Human Resources Management. Eastern & Southern African Management Institute, Certificate in ISO implementation Course and currently undertaking a Degree in Office Management and Administration at Mount Kenya University. With 42 years of experience,

Susan was formally employed at KPA as Human Resource Officer (Overseas Training) and is a certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

**Committee Membership** - Audit & Risk Committee / Finance & Investment Committee.



**FRANCIS TSUMA LELIA**

Trustee



Francis joined the Scheme in May 2023 as a Sponsor Nominated Trustee - KPA Pension Scheme (DB). He is a dynamic and accomplished Sales and Marketing professional with over 24 years of experience in the manufacturing industry, he holds an Executive MBA in Strategic Management - Maastricht School of Management (MSM), a Bachelor of Science, International Business Administration in Marketing (USIU) and a certification in Program for Management Development PMD (Strathmore Business School).

**Committee Membership** - Finance and Investment Committee / Project Implementation Committee (SPV).



**AHMED ALI MUKTAR**

Trustee



Hon. Ahmed Ali Muktar joined the KPA Pension Scheme (DB) on 1 June 2025 as a Sponsor-nominated Trustee, bringing with him over 16 years of multifaceted experience in governance, ICT, research, and development. He holds a Bachelor of Science degree in Computer Science from the International University of Africa in Khartoum, Sudan, and is currently pursuing a Master of Science in Public Policy and Management at Strathmore University.

Among his professional qualifications are Development Planning and Public Finance Management - CAF & CRA from UNDP and GIS Stakeholders and Ward Dev., as well as CCNA Exploration. Apart from his role as a County Governor, he has served as Head of Research and Products Development - International Research and Evaluation Consulting (IREC), ICT Officer - Somalia Mission IT, and Communications Officer - Médecins Sans Frontières (MSF, Switzerland). He also served as an ICT Assistant at the Wajir South Development Association and is a director at KPA.

**Committee Membership** - Audit & Risk / Administration





We also continued to invest in system automation, with significant enhancements made to the Enterprise Resource Planning (ERP) system.



**Bernard K. Kibet**  
Scheme Administrator  
Kenya Ports Authority Pension Scheme



In the year under review, the Scheme recorded an investment return of

**7.32%**



The Board of Trustees underwent an external performance evaluation and achieved an impressive score of

**90%**

Dear Esteemed Members,

It is my privilege to present the Scheme Administrator's Report for the financial year ended 31 December 2024. This report provides a comprehensive overview of the Scheme's financial standing, operational performance, and strategic progress.

The past year was one of measured progress and we are pleased to report an improvement in our investment performance for the financial year 2024 compared to the previous year.

We continue to navigate critical issues, primarily the significant actuarial deficit and regulatory non-compliance within our investment portfolio. This report transparently addresses these challenges and outlines the Board's definitive action plan to ensure the long-term stability and sustainability of the Scheme for all our members.

# Scheme Governance

## SCHEME ADMINISTRATOR'S REPORT (CONT'D)

### SCHEME MEMBERSHIP AND DEMOGRAPHICS

The Scheme is a closed scheme and therefore no new members are admitted. As a result, the number of active members continues to reduce over time due to retirements, withdrawals, and other exits without a corresponding inflow of new entrants.

A summary of the Scheme's membership composition is as follows:

| Membership Category                        | 31 Dec 2024  | 31 Dec 2023  | Change     |
|--|--------------|--------------|------------|
| Total Membership                           | 8,814        | 8,764        | 50         |
| Contributing Members                       | 209          | 305          | (96)       |
| Non-Contributing (Deferred) Members        | 2,340        | 2,327        | 13         |
| Pensioners                                 | 4,405        | 4,430        | (25)       |
| Pension Beneficiaries                      | 1,860        | 1,702        | 158        |
| <b>Total Pensioner/Beneficiary Payroll</b> | <b>6,265</b> | <b>6,132</b> | <b>133</b> |

### FINANCIAL PERFORMANCE

As of 31 December 2024, the market value of the Scheme's investment properties was KES 9.46 billion and the critical issue noted is that immovable properties now constitute 62.94% of the Scheme's total net asset value.



**This allocation substantially exceeds the Retirement Benefits Authority (RBA) regulatory limit of 30% for investment in immovable property. This over-concentration presents a liquidity risk and limits portfolio diversification.**

The Board of Trustees acknowledges this non-compliance as a paramount concern. A dedicated portfolio restructuring strategy, including a Master Disposal Plan for selected properties, is being actively implemented to rectify this position and align with RBA guidelines.

### INVESTMENT PERFORMANCE

The Scheme achieved a return on investments of 7.32% for the year, a notable positive turnaround from the - 3.1% reported in 2023. This performance demonstrates progress against our strategic objective of enhancing investment returns.

Market volatility, inflationary pressures, and exchange rate fluctuations influenced performance, but the Scheme's diversified strategy cushioned against major shocks.

### BENEFITS ADMINISTRATION

The Scheme improved turnaround time for benefits processing to one week, enhancing member experience.

Member engagement was strengthened through timely issuance of benefit statements, member education sessions, and enhanced access via the digital platforms.



# Scheme Governance

## SCHEME ADMINISTRATOR'S REPORT (CONT'D)

### LEGAL AND REGULATORY DEVELOPMENTS

Key regulatory developments that impacted the industry during the year included:

- Tax Law (Amendment) Act, 2024:** Assented to on 11 December 2024, the Act introduced several reforms including:
  - Removal of the requirement for pension schemes to register with the Kenya Revenue Authority.
  - An increase in the tax-free pension contribution limit from KES 240,000 to KES 360,000 annually.
  - Exemption of pension benefits from tax upon retirement.
  - Extension of the non-taxable withdrawal period from 15 to 20 years.
  - A 5% withholding tax on interest from infrastructure bonds.
  - A reduction in capital gains tax from 15% to 5% for certain certified investments.
- NSSF Contributions:** With effect from 1 February 2024, the lower earnings limit increased from KES 6,000 to KES 7,000 while the upper earnings limit doubled to KES 36,000. Consequently, total contributions to the NSSF rose to 12% of pensionable income, equally shared by employers and employees, with the maximum contribution rising to KES 2,160 each.
- Transition from NHIF to SHA:** On 1 October 2024, the National Hospital Insurance Fund transitioned to the Social Health Insurance Fund (SHA). All Kenyan citizens and their dependents are now required to register, with salaried employees contributing 2.75% of gross salary and non-salaried households making income-based contributions. Penalties apply for late payment or non-compliance.
- Affordable Housing Levy:** Signed into law on 19 March 2024, the Affordable Housing Act introduced a levy of 1.5% on gross salary, matched by employers, with self-employed persons contributing 1.5% of gross income. A 3% monthly penalty applies for late remittance.
- Procurement Levy:** Effective 1 September 2024, the Public Procurement Regulatory Authority implemented a 0.03% levy on all public procurement contracts, renewals, and variations.

### RISK MANAGEMENT

The Scheme recognizes the importance of proactively managing risks. This need is further escalated by the scheme's financial position and funding. In a bid to mitigate the risks, the Scheme commissioned Asset Liability Matching exercise to ensure that the scheme funding issues are adequately addressed.

### OPERATIONAL AND ADMINISTRATIVE DEVELOPMENTS

#### Investment Returns

In the year under review, the Scheme recorded an investment return of 7.32%. This was a remarkable improvement from the previous year and represents strong progress towards our strategic objective of consistently achieving above-market-average returns.



# Scheme Governance

## SCHEME ADMINISTRATOR'S REPORT (CONT'D)

### Member Engagement

We placed members at the heart of our initiatives. Notably, We conducted Pensioners awareness and Sensitization program across the country and pre-retirement training sessions in the month of June, and September.



### Efficiency and Governance

The Board of Trustees underwent an external performance evaluation and achieved an impressive score of 90%. This outcome reaffirms the Board's effectiveness, commitment to accountability, and adherence to best practices in governance.



### System Automation

We also continued to invest in system automation, with significant enhancements made to the Enterprise Resource Planning (ERP) system. This has laid a solid foundation for operational efficiency, improved data integrity, and superior reporting, all of which are critical to sustaining long-term growth.



## STRATEGIC CONSIDERATIONS: PROGRESS AND FORWARD OUTLOOK

Our work continues to be guided by the Scheme's Strategic Plan. At the heart of this plan is our Vision a stable and sustainable scheme for generations and our Mission to prudently invest scheme assets and optimize returns to enhance member benefits. These two statements remain our compass, shaping every decision we make on behalf of our members.

## STRATEGIC PRIORITIES FOR 2025–2026

As we look ahead to the remaining period of the Strategic Plan, our focus will sharpen on addressing the core challenges before us. At the same time, we will continue building resilience, ensuring that this Scheme not only overcomes today's hurdles but also secures a stronger and more sustainable future for generations to come.

Looking ahead, the Scheme will focus on:

- Enhancing the funding level through de-risking strategies and an ALM study.
- Expanding digital member engagement platforms.
- Strengthening compliance with evolving RBA guidelines.
- Improving member education and financial literacy.
- Ensuring operational efficiency through automation and best practice governance.

## APPRECIATION & ACKNOWLEDGEMENTS

We extend our gratitude to the Trustees, the Sponsor, members, service providers, and the Retirement Benefits Authority for their continued support and partnership.

**Thank you, and God bless you all!**

**Bernard K. Kibet**

**Scheme Administrator**

**Kenya Ports Authority Pension Scheme**



# Scheme Governance

## TAARIFA YA MSIMAMIZI WA HAZINA



Tuliendelea pia kuwekeza katika mifumo ya kiotomatiki, ambapo maboresho makubwa yalifanywa katika mfumo wa Mipangilio ya Rasilimali za Shirika (ERP).



**Bernard K. Kibet**  
Msimamizi wa Hazina



Kwa mwaka huu, hazina ilipata mapato ya uwekezaji ya

**7.32%**



Bodi ya Wadhamini ilifanyiwa tathmini ya nje ya utendaji na kupata alama ya kuvutia ya

**90%**

**Kwa Wanachama Wapendwa,**

Ni furaha yangu kuwasilisha Ripoti ya Msimamizi wa Hazina kwa mwaka wa kifedha ulioisha tarehe 31 Desemba 2024. Ripoti hii inatoa muhtasari wa kina kuhusu hali ya kifedha ya Hazina, utendaji wa shughuli na maendeleo ya kimkakati.

Mwaka uliopita ulikuwa wa maendeleo makubwa na tunafurahi kuripoti maboresho katika utendaji wa uwekezaji kwa mwaka wa kifedha wa 2024 ikilinganishwa na mwaka uliotangulia.

Tunaendelea kushughulikia masuala muhimu, hasa nakisi kubwa ya kifedha na changamoto za kutotii masharti ya kisheria katika uwekezaji wetu mbalimbali. Ripoti hii inazungumzia kwa uwazi changamoto hizo na inaeleza mpango mahsusi wa Bodi ili kuhakikisha uthabiti na uendelevu wa muda mrefu wa Hazina kwa wanachama wote.



# Scheme Governance

## TAARIFA YA MSIMAMIZI WA HAZINA

### UANACHAMA WA HAZINA NA TAARIFA ZA KIDEMOGRAFIA

Hazina hii ni hazina iliyofungwa na kwa hivyo hakuna wanachama wapya wanaokubaliwa. Hali hii inasababisha kupungua kwa idadi ya wanachama wanaojihusisha kadri muda unavyosonga kutokana na kustaafu, kujiondoa au kuondoka bila kuingia wanachama wapya.

Muhtasari wa wanachama wa Hazina ni kama ifuatavyo:

| Kategoria ya Uanachama                | 31 Des 2024  | 31 Des 2023  | Mabadiliko |
|---------------------------------------|--------------|--------------|------------|
| Jumla ya Wanachama                    | 8,814        | 8,764        | 50         |
| Wanachama Wanaochangia                | 209          | 305          | (96)       |
| Wanachama Wasiochangia (Waliositisha) | 2,340        | 2,327        | 13         |
| Wastaafu                              | 4,405        | 4,430        | (25)       |
| Wanufaika wa Pensheni                 | 1,860        | 1,702        | 158        |
| <b>Jumla ya Wastaafu/Wanufaika</b>    | <b>6,265</b> | <b>6,132</b> | <b>133</b> |

### UTENDAJI WA KIFEDHA

Kufikia tarehe 31 Desemba 2024, thamani ya soko ya mali za uwekezaji wa Hazina ilikuwa shilini bilioni 9.46. Tatizo kuu lililobainika ni kwamba mali zisizohamishika sasa zinachukua 62.94% ya jumla ya thamani ya mali halisi za Hazina.



**Ugawaji huu unazidi kwa kiwango kikubwa kikomo cha kisheria cha Mamlaka ya Mafao ya Kustaafu (RBA) cha 30% kwa uwekezaji katika mali zisizohamishika. Msongamano huu unaleta hatari ya ukosefu wa ukwasi na hupunguza utofauti wa mali za uwekezaji.**

Bodi ya Wadhamini inakiri kuwa kutotii sharti hili la kisheria ni tatizo kubwa. Mkakati maalum wa kurekebisha muundo wa uwekezaji, ikiwemo Mpango Mkuu wa Uuzaji wa mali zilizochaguliwa, unaendelea kutekelezwa ili kurekebisha hali hii na kuendana na miongozo ya RBA.

### UTENDAJI WA UWEKEZAJI

Hazina ilipata mapato ya uwekezaji ya 7.32% kwa mwaka huu, ikiwa ni mabadiliko chanya makubwa kutoka -3.1% iliyorekodiwa katika mwaka wa 2023. Utendaji huu unaonyesha maendeleo kuelekea lengo letu la kimkakati la kuongeza mapato ya uwekezaji.

Mabadiliko ya soko, shinikizo za mfumuko wa bei na mabadiliko ya viwango vya ubadilishaji wa fedha yalikuwa na athari kwa utendaji, lakini mkakati wa utofauti wa Hazina ulisaidia kupunguza athari kubwa.

### USIMAMIZI WA MAFAO

Hazina iliboresha muda wa kuchakata mafao hadi wiki moja, jambo lililoboresha uzoefu wa wanachama.

Ushirikishwaji wa wanachama uliimarishwa kupitia utoaji wa taarifa za mafao kwa wakati, vipindi vya elimu kwa wanachama na ufikiaji ulioimarishwa kupitia majukwaa ya kidijitali.

# Scheme Governance

## TAARIFA YA MSIMAMIZI WA HAZINA

### MAENDELEO YA KISHERIA NA KIKANUNI

Mabadiliko muhimu ya kikanuni yaliyoathiri sekta katika mwaka huu ni pamoja na:

- Sheria ya ushuru (Mabadiliko), 2024:** ASheria hii iliyotiwa sahihi tarehe 11 Desemba 2024 ilileta mabadiliko kadhaa ikiwa ni pamoja na:
  - Kuondolewa kwa sharti la hazina za pensheni kusajiliwa na Mamlaka ya Mapato ya Kenya (KRA).
  - Kuongezwa kwa kiwango cha juu cha michango ya pensheni isiyotozwa ushuru kutoka KES 240,000 hadi KES 360,000 kwa kila mwaka.
  - Msamaha wa ushuru kwa mafao ya pensheni wakati wa kustaafu.
  - Kuongezwa kwa kipindi cha kutoa mafao bila ushuru kutoka miaka 15 hadi 20.
  - Ushuru wa zuio wa 5% kwa riba kutoka kwenye hati fungani za miundombinu.
  - Kupunguzwa kwa ushuru wa faida baada ya kuuza mali kutoka 15% hadi 5% kwa baadhi ya uwekezaji uliothibitishwa.
- Michango ya NSSF:** Kuanzia tarehe 1 Februari 2024, kiwango cha chini cha mapato kiliongezeka kutoka KES 6,000 hadi KES 7,000 na kiwango cha juu kikapanda mara mbili hadi KES 36,000. Hivyo basi, jumla ya michango ya NSSF ilipanda hadi 12% ya mapato yanayotozwa pensheni, yakigawanywa kwa usawa kati ya waajiri na wafanyakazi na kiwango cha juu cha mchango kikipanda hadi KES 2,160 kila upande.
- Uhamisho kutoka NHIF hadi SHA:** Kuanzia tarehe 1 Oktoba 2024, Mfuko wa Bima ya Hospitali ya Taifa (NHIF) uligeuzwa kuwa Mfuko wa Bima ya Afya ya Jamii (SHA). Wakenya wote na wategemezi wao sasa wanahitajika kusajiliwa huku wafanyakazi wanaopokea mishahara wakichangia 2.75% ya mishahara halisi na kaya zisizo na mishahara zikichangia kulingana na mapato. Adhabu hutumika kwa ucheleweshaji au kutolipa.
- Ada ya Nyumba za Gharama Nafuu:** Iliyotiwa sahihi kuwa sheria tarehe 19 Machi 2024, sheria hii ilianzisha ada ya 1.5% ya mishahara halisi, inayolinganishwa na mwajiri. Wtu waliojajiri huchangia 1.5% ya mapato yao. Adhabu ya 3% kwa kila mwezi hutumika kwa kuchelewa kuwasilisha michango.
- Ada ya Ununuzi:** Kuanzia tarehe 1 Septemba 2024, Mamlaka ya Udhambi wa Ununuzi wa Umma ilianzisha ada ya 0.03% kwa mikataba yote ya ununuzi wa umma, upyaji na marekebisha.

### UDHIBITI WA HATARI

Hazina inatambua umuhimu wa kudhibiti hatari mapema. Haja hii imeongezeka zaidi kutokana na nafasi ya kifedha na ufadhili wa hazina. Ili kupunguza hatari hizi, Hazina ilianzisha zoezi la kulinganisha mali na wajibu ili kuhakikisha kuwa changamoto za ufadhili wa hazina zinashughulikiwa ipasavyo.

### MAENDELEO YA KIUTENDAJI NA UONGOZI

#### Mapato ya Uwekezaji

Katika mwaka huu, Hazina ilirekodi mapato ya uwekezaji ya 7.32%. Hii ilikuwa ni maboresho makubwa kutoka mwaka uliotangulia na ni hatua kubwa kuelekea kwenye lengo letu la kimkakati la kupata mapato yanayozidi wastani wa soko mara kwa mara.





## TAARIFA YA MSIMAMIZI WA HAZINA

### Ushirikishwaji wa Wanachama

Wanachama walishirikishwa katika mipango yetu. Mafunzo ya maandalizi ya kustaafu yalifanyika nchi nzima katika mwezi wa Juni, Julai, na Septemba. Mafunzo haya yaliboresha uelewa wa kifedha wa wanachama na pia yaliimarisha ushiriki wao, yakiwapa maarifa ya kujiandaa ipasavyo kwa kustaafu.



### Ufanisi na Uongozi

Bodi ya Wadhamini ilifanyiwa tathmini ya nje ya utendaji na kupata alama ya kuvutia ya 90%. Matokeo haya yamethibitisha ufanisi wa Bodi, kujitolea kwake kwa uwajibikaji, na utiifu wa maadili bora ya uongozi.



### Kuweka Mifumo Kuwa ya Kiotomatiki

Tuliendelea pia kuwekeza katika mifumo ya kiotomatiki, ambapo maboresho makubwa yalifanywa katika mfumo wa Mipangilio ya Rasilimali za Shirika (ERP). Hii imeweka msingi thabiti kwa ufanisi wa kiutendaji, kuboresha uadilifu wa taarifa, na kutoa ripoti za kiwango cha juu, mambo ambayo yote ni muhimu kwa ukuaji endelevu wa muda mrefu.



## MASUALA YA KIMKAKATI: MAENDELEO NA MTAZAMO WA BAADAYE

Kazi zetu zinaendelea kuongozwa na Mpango Mkakati wa Hazina. Katika msingi wake kuna Lengo letu hazina thabiti na endelevu kwa vizazi vijavyo na Dhamira kuwekeza mali za hazina kwa busara na kuongeza mapato ili kuboresha mafao ya wanachama. Kauli hizi mbili ndizo dira yetu, zikielekeza kila uamuzi tunaoufanya kwa niaba ya wanachama wetu.

## VIPAUMBELE VYA MKAKATI KWA 2025–2026

Tunapoangazia katika kipindi kilichosalia cha utekelezaji wa Mpango Mkakati, mtazamo wetu utalenga zaidi katika kushughulikia changamoto kuu zilizoko mbele yetu. Wakati huohuo, tutaendelea kujenga uthabiti, tukihakikisha kuwa Hazina hii haikabiliani tu na changamoto za sasa bali pia inajijengea msingi wa mustakabali imara na endelevu kwa vizazi vijavyo.

Kwa kuangazia mbele, Hazina itazingatia:

- Kuongeza kiwango cha ufadhili kupitia mikakati ya kupunguza hatari na utafiti wa ALM.
- Kupanua majukwaa ya kidijitali ya ushirikishwaji wa wanachama.
- Kuimarisha utiifu wa miongozo mipya ya RBA.
- Kuboresha elimu ya kifedha na uelewa wa wanachama.
- Kuhakikisha ufanisi wa kiutendaji kupitia kuweka mifumo ya kiotomatiki na uongozi bora.

## SHUKRANI NA UTAMBUZI

Tunatoa shukrani zetu kwa Wadhamini, Mfadhili, wanachama, watoa huduma, na Mamlaka ya Mafao ya Kustaafu kwa usaidizi na ushirikiano wao endelevu.

**Asante Sana na Mungu awabariki!**

**Bernard K. Kibet**

**MSIMAMIZI WA HAZINA**

# Scheme Governance

## SECRETARIAT STAFF



**FRONT ROW LEFT TO RIGHT**

**Zuhura Askari, Bevaline Koech, Susan Ayoyi, Mary Nyambura.**



# Scheme Governance

## SECRETARIAT STAFF



### SECOND ROW LEFT TO RIGHT

Kazungu Changawa, Padwick Maratani, Solomon Ngei, Bramuel Kedogo, John Ndichu, Michael Kariuki, Stephen Chege, Allan Washiali, Dennis Bebora.



05

FINANCIAL REPORT  
& STATEMENTS

# 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 2024.

## 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% (2023: 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% (2023: 14.7%) of employees’ pensionable salaries.

| <b>SCHEME MEMBERSHIP</b>                                 | <b>2024<br/>Number</b> | <b>2023<br/>Number</b> |
|--|------------------------|------------------------|
| Total Members  |                        |                        |
| Contributing members                                     | 209                    | 305                    |
| Non-contributing members                                 | 2,340                  | 2,327                  |
| Pensioners   | 4,405                  | 4,430                  |
| Pension beneficiaries                                    | 1,860                  | 1,702                  |
|  | <b>8,814</b>           | <b>8,764</b>           |
| Contributing members                                     |                        |                        |
| At start of year   | 305                    | 431                    |
| Reinstatements   | 1                      | 2.00                   |
| <b>Less:</b> Retired with pension                        | (98)                   | (122)                  |
| Died in service  | -                      | (3)                    |
| Other secessionists                                      | 1                      | (3)                    |
| <b>At end of year</b>                                    | <b>209</b>             | <b>305</b>             |
| Pensioners and pension beneficiaries                     |                        |                        |
| At start of year   | 5,983                  | 5,917                  |
| <b>Add:</b> Contributing members who retired             | 209                    | 209                    |
| Widows, widowers and dependants pension becoming payable | 158                    | 183                    |
| <b>Less:</b> Ceased pensions                             | (260)                  | (326)                  |
| <b>At end of year</b>                                    | <b>6,090</b>           | <b>5,983</b>           |
|  |                        |                        |
| <b>FINANCIAL REVIEW</b>                                  | <b>2024<br/>Shs</b>    | <b>2023<br/>Shs</b>    |
| Net assets   |                        |                        |
| At start of year   | 17,418,625,097         | 20,121,390,226         |
| Increase / Decrease in net assets during the year        | (236,768,168)          | (2,702,765,136)        |
| <b>At end of year</b>                                    | <b>17,181,856,936</b>  | <b>17,418,625,097</b>  |

# REPORT OF THE TRUSTEES (Cont'd)

## INVESTMENT OF FUNDS

Under the terms of their appointment the fund managers Co-op Trust Investment Services Limited are responsible for the 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 2023 in June 2024 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:

|                     | 2023<br>Shs '000,000 | 2022<br>Shs '000,000 |
|---------------------|----------------------|----------------------|
| Vested benefits     | 12,366               | 12,161               |
| Non vested benefits | 13,777               | 14,947               |
| <b>Total</b>        | <b>26,143</b>        | <b>27,108</b>        |

The fair value of the net assets available for benefits was Shs 17,419 (2022 :Shs 20,121) billion resulting in a deficit of Shs 8,724 (2022 :Shs 6,987) 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 been agreed upon between the trustees, the employer and the Retirement Benefits Authority.



## REPORT OF THE TRUSTEES (Cont'd)

### TRUSTEES

The trustees who held office to the date of this report are shown on page 6.

### 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

**24th March 2025**

## 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.

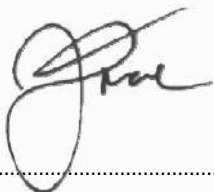
The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Retirement Benefits Act, and for such internal controls as Trustees determine is necessary to enable 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 **24th March 2025** 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                          |
|----------------------|-----|---------------------|--------|-----------|--|---|
| Omae Nyarandi        | 56  | Nominated           | Male   | Yes       | Master of Business Administration, (Strategic Management)  | Chairman Mombasa Water and Sanitation Company   |
| David Bonyi          | 62  | Nominated           | Male   | Yes       | Master of Laws (LLM)                                       | None  |
| Ferdinand Malumbo    | 59  | Elected             | Male   | Yes       | HND. Clinical Medicine & Surgery (Orthopaedics & Trauma)   | None  |
| Violet Mugambi       | 58  | Elected             | Female | Yes       | PHD. In Arts in Counselling                                | None  |
| Emmanuel Kibet Kirui | 35  | Nominated           | Male   | Yes       | Advocate, High Court of Kenya, Bachelor of Laws(LLB)       | Joint Secretary to Tribunal, Board Director KPA |
| Caroline Maina Njoki | 26  | Nominated           | Female | No        | Bachelor of Human Resource Management                      | Board Director, KPA                             |
| Francis Tsuma Leli   | 49  | Nominated           | Male   | Yes       | Masters of Business Administration, (Strategic Management) | None  |
| Catherine Wangari    | 52  | Nominated           | Female | Yes       | MSC Human Resource Management                              | None  |
| Susan W.K. Leli      | 66  | Elected             | Female | Yes       | Masters of Business Administration, (Strategic Management) | None  |

## BOARD COMMITTEES

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

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### MEETINGS HELD

The Board of Trustees held 20 meetings during the year ending the 31st December 2024.

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

| Type of meeting              | Number held | Dates   |
|------------------------------|-------------|---|
| Regular Board                | 9           | 12/03/2024, 18/03/2024,19/03/2024,28/05/2024, 05/09/2024 06/09/2024, 29/11/2024, 09/12/2024, 10/12/2024 |
| Special Board                | 7           | 23/01/2024,24/01/2024 & 26/01/2024, 08/02/2024, 26/06/2024 18/07/2024, 23/09/2024                       |
| Joint Board (with DC Scheme) | 4           | 31/01/2024, 01/02/2024 ,02/02/2024 ,20/03/2024  |

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 | %    |
| Omae Nyarandi     | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 7          | 7      | 100% |
|                   | Joint Board              | 2          | 4      | 50%  |
|                   | Ad hoc Committee         | 2          | 7      | 29%  |
| David Bonyi       | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 6          | 7      | 86%  |
|                   | Joint Board              | 3          | 4      | 75%  |
|                   | Finance and Investment   | 5          | 5      | 100% |
|                   | Administrative Committee | 4          | 5      | 80%  |
|                   | Ad hoc Committee         | 1          | 7      | 14%  |
| Ferdinand Malumbo | Regular Board            | 9          | 4      | 100% |
|                   | Special Board            | 7          | 4      | 100% |
|                   | Joint Board              | 4          | 5      | 100% |
|                   | Audit and Risk Committee | 4          | 7      | 100% |
|                   | Project Implementation   | 5          | 9      | 100% |
|                   | Ad hoc Committee         | 6          | 7      | 86%  |
| Susan Leli        | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 7          | 7      | 100% |
|                   | Joint Board              | 4          | 4      | 100% |
|                   | Audit and Risk Committee | 4          | 4      | 100% |
|                   | Finance and Investment   | 5          | 5      | 100% |
|                   | Ad hoc Committee         | 5          | 7      | 71%  |

# CORPORATE GOVERNANCE STATEMENT (Cont'd)



## MEETINGS HELD (cont'd)

| Name of Trustee   | Meeting type             | Attendance |        |      |
|-------------------|--------------------------|------------|--------|------|
|                   |                          | No         | Out of | %    |
| Violet Mugambi    | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 7          | 7      | 100% |
|                   | Joint Board              | 7          | 4      | 50%  |
|                   | Ad hoc Committee         | 4          | 5      | 29%  |
|                   | Finance and Investment   | 5          | 5      | 100% |
|                   | Administrative Committee | 5          | 7      | 100% |
|                   | Ad hoc Committee         | 7          | 7      | 100% |
|                   | Joint Admin Committee    | 7          | 5      | 100% |
|                   | Joint Special Committee  | 5          | 9      | 100% |
| Catherine Wangari | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 7          | 7      | 86%  |
|                   | Joint Board              | 4          | 4      | 75%  |
|                   | Project Implementation   | 5          | 5      | 100% |
|                   | Administrative Committee | 4          | 5      | 100% |
|                   | Ad hoc Committee         | 3          | 7      | 43%  |
|                   | Joint Admin Committee    | 7          | 7      | 100% |
|                   | Joint Special Committee  | 5          | 5      | 100% |
| Francis Tsuma     | Regular Board            | 9          | 9      | 100% |
|                   | Special Board            | 7          | 7      | 100% |
|                   | Joint Board              | 4          | 4      | 100% |
|                   | Project Implementation   | 5          | 5      | 100% |
|                   | Finance and Investment   | 5          | 5      | 100% |
|                   | Ad hoc Committee         | 3          | 7      | 43%  |
|                   | Joint Special Committee  | 5          | 5      | 100% |
| Emmanuel Kibet    | Regular Board            | 8          | 9      | 89%  |
|                   | Special Board            | 5          | 7      | 71%  |
|                   | Joint Board              | 1          | 4      | 25%  |
|                   | Project Implementation   | 2          | 5      | 40%  |
|                   | Finance and Investment   | 3          | 5      | 60%  |
|                   | Ad hoc Committee         | 3          | 7      | 43%  |
| Caroline Maina    | Regular Board            | 7          | 9      | 78%  |
|                   | Special Board            | 6          | 7      | 86%  |
|                   | Joint Board              | 3          | 4      | 75%  |
|                   | Administrative Committee | 3          | 5      | 60%  |
|                   | Audit and Risk Committee | 2          | 4      | 50%  |
|                   | Joint Admin Committee    | 6          | 7      | 86%  |

# CORPORATE GOVERNANCE STATEMENT (Cont'd)

## 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.

## 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 member and the sponsor; and
- d. Ensure that the nomination of Trustees to the Board is staggered to achieve continuity.

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 04th October 2024, at which 2728 members attended, making up 39.2% 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   | 2728                | 6,954                            | 39.20%     |

## MEMBERS' SENSITIZATION

| Activities                   | Date held   | No. of members who attended | Remarks  |
|------------------------------|---|-----------------------------|--|
| Annual General Meeting       | 04-10-24  | 2728                        | Attendance were both Pensioners and Active Members |
| Retirement Planning Training | 19th - 21st June 2024, 26th - 28th June 2024, 3rd - 05th July 2024, 10th - 12th July 2024, 24th - 26th July 2024, 18th - 20th Sept 2024, 25th - 27th Sept 2024, | 801                         | 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.5,940,000.00**. 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 **90%**.

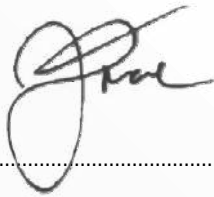
In summary the board as an entity achieved an above average performance characterized by the Trustees promoting a positive image of the Scheme. Factors contributing to the performance include:-

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

# CORPORATE GOVERNANCE STATEMENT (Cont'd)

## 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: 24th March 2025**

**JUSTUS OMAE NYARANDI**  
CHAIRPERSON



## 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 63 to 86 which comprise the statement of net assets available for benefits as at 31 December 2024 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 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, 1997 and the scheme's trust deed.

### Basis for Opinion

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

### Emphasis of matter:

#### a) Project balances

Included in receivables and payables are amounts of **Shs 1,932,571,865** 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 8.724** billion as at 31 December 2023.

A remedial plan to reduce the actuarial deficit has 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 9,459,830,000**. Included in the amount is **Shs 128,700,000** 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 but to do so.

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 b 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 audit.

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**



**24th March 2025**



## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

|   | Notes  | 2024<br>Kshs          | 2023<br>Kshs           |
|---|--------|-----------------------|------------------------|
| <b>Income from dealings with members</b>              |        |                       |                        |
| Contributions received in the year                    | 2.     | 1,259,780,743         | 644,903,098            |
| <b>Outgoings from dealings with members</b>           |        |                       |                        |
| Benefits payable and paid                             | 3.     | (2,754,759,630)       | (2,814,167,325)        |
| <b>Net reduction from dealings with members</b>       |        |                       |                        |
|   |        | (1,494,978,887)       | (2,169,264,227)        |
| <b>Returns on investments</b>                         |        |                       |                        |
| Investment income                                     | 4.     | 698,541,750           | 785,341,828            |
| Gain/(loss) on disposal of financial assets           | 5.(i)  | (107,989,549)         | (151,687,516)          |
| Gain/(loss) on disposal of investment property        | 5.(ii) | 18,850,000            | 23,250,000             |
| Fair value gain / (loss) on investment properties     | 8.     | -                     | 206,521,360            |
| Changes in fair value of plan assets                  | 5.(ii) | 834,454,191           | (795,400,000)          |
| Investment management expenses                        | 6.     | (10,766,283)          | (13,609,690)           |
| Net return on investments                             |        | 1,433,090,109         | (358,626,738)          |
| Administrative expenses                               | 7.     | (174,879,390)         | (169,124,610)          |
| <b>(Decrease)/increase in net assets for the year</b> |        | <b>(236,768,168)</b>  | <b>(2,702,765,136)</b> |
| <b>Net assets available for benefits</b>              |        |                       |                        |
| At start of year                                      |        | 17,418,625,097        | 20,121,390,226         |
| (Decrease)/increase                                   |        | (236,768,168)         | (2,702,765,136)        |
| <b>At end of year</b>                                 |        | <b>17,181,856,936</b> | <b>17,418,625,097</b>  |

The notes on pages **66** to **86** form an integral part of these financial statements.

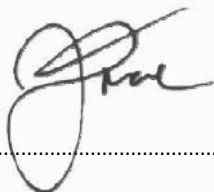
Report of the independent auditor - pages **61** to **62**.

# STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

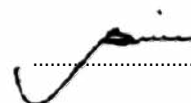
AS AT 31 DECEMBER

|  | Notes | 2024<br>Kshs          | 2023<br>Kshs          |
|--|-------|-----------------------|-----------------------|
| <b>Assets</b>                            |       |                       |                       |
| Investment properties                    | 8.    | 9,459,830,000         | 10,433,630,000        |
| Motor vehicle and equipments             | 9.    | 22,710,455            | 37,536,926            |
| Assets classified as held for sale       | 10.   | 1,353,700,00          | 512,900,000           |
| Plan investments                         | 11.   | 4,957,267,281         | 4,415,820,501         |
| Intangible assets                        | 12.   | 33,897,090            | 19,343,067            |
| Receivables and accrued income           | 13.   | 2,232,612,184         | 2,293,315,035         |
| Cash and cash equivalents                | 14.   | 113,876,811           | 173,109,498           |
| <b>Total assets</b>                      |       | <b>18,173,893,822</b> | <b>17,885,655,027</b> |
| <b>Less: Liabilities</b>                 |       |                       |                       |
| Payables and accrued expenses            | 15.   | 992,036,890           | 467,029,934           |
| <b>Net assets available for benefits</b> |       | <b>17,181,856,936</b> | <b>17,418,625,092</b> |

The financial statements on pages **63** to **86** were approved and authorised for issue by the Board of Trustees on **24th March 2025** and were signed on its behalf by:



TRUSTEE



TRUSTEE

The notes on pages **66** to **86** form an integral part of these financial statements.

Report of the independent auditor - pages **61** to **62**.



# STATEMENT OF CASH FLOWS

|   | Notes      | 2024<br>Kshs       | 2023<br>Kshs         |
|---|------------|--------------------|----------------------|
| <b>Operating activities</b>   |            |                    |                      |
| Reconciliation of decrease in net assets to cash from operating activities: |            |                    |                      |
| Decrease in net assets (excluding fair value changes)                       |            | (963,232,253)      | (1,540,662,373)      |
| <b>Adjustments for:</b>   |            |                    |                      |
| Depreciation of motor vehicles and equipment                                | 7.         | 15,709,783         | 15,558,604           |
| Amortisation of intangible assets   |            | 4,409,118          | 1,716,843            |
| Gain/(loss) on disposal of investment property                              |            | 18,850,000         | 23,250,000           |
| Gain/(loss) on revaluation of investment property                           |            | -                  | (206,521,360)        |
| (Gain)/loss on disposal of financial assets                                 | 5.(i)      | (107,989,549)      | (151,687,516)        |
|   |            | (1,032,252,901)    | (1,858,345,802)      |
| <b>Changes in:</b>  |            |                    |                      |
| Receivables and accrued income  |            | (53,406,794)       | (8,549,758)          |
| Payables and accrued expenses   |            | (34,643,962)       | (107,791,006)        |
| Net cash used in operating activities                                       |            | (1,120,303,657)    | (1,974,686,565)      |
| <b>Investing activities</b>   |            |                    |                      |
| Cash paid for purchase of PPE   | 9.         | (995,859)          | (11,241,390)         |
| Proceeds from development Projects  |            | 212,222,992        | -                    |
| Cash paid for purchase of intangible asset                                  | 12.        | -                  | (16,793,400)         |
| Purchase of plan assets   | 11.        | (26,828,754)       | (31,946,981)         |
| Proceeds from sale of investment property                                   |            | 664,825,974        | 185,050,000          |
| Proceeds from sale/maturity of financial assets                             | 5.(i)      | 763,288,246        | 1,735,674,084        |
| Net cash from investing activities  |            | 1,612,512,599      | 1,860,742,312        |
| <b>Decrease in cash and cash equivalents</b>                                |            | <b>492,208,943</b> | <b>(113,944,253)</b> |
| <b>Movement in cash and cash equivalents</b>                                |            |                    |                      |
| At start of year  |            | 323,291,026        | 437,235,277          |
| Increase (decrease)   |            | 492,208,943        | (113,944,253)        |
| <b>At end of year</b>   | <b>14.</b> | <b>815,499,966</b> | <b>323,291,026</b>   |

The notes on pages **66** to **86** form an integral part of these financial statements.

Report of the independent auditor - pages **61** to **62**.

# NOTES

## 1. MATERIAL 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 or 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. MATERIAL 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

## 1. MATERIAL ACCOUNTING POLICIES (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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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 de-recognised 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.



|   | 2024<br>Kshs         | 2023<br>Kshs       |
|---|----------------------|--------------------|
| <b>2. Contributions received</b>                |                      |                    |
| Employer's contributions at 14.7% (2023: 14.7%) | 48,164,313           | 71,843,515         |
| Employees' contributions at 7.5% (2023: 7.5%)   | 25,816,430           | 37,859,583         |
| Additional contribution                         | 1,185,800,000        | 535,200,000        |
|   | <b>1,259,780,743</b> | <b>644,903,098</b> |

There were no unremitted contributions as at 31st December 2024 and no penalty was paid by the sponsor for failure to remit contributions or accrued interest on unpaid benefits.

|                                     | 2024<br>Kshs         | 2023<br>Kshs         |
|-------------------------------------|----------------------|----------------------|
| <b>3. Benefits payable and paid</b> |                      |                      |
| Monthly pensions                    | 2,036,055,952        | 1,774,299,093        |
| Lump sum                            | 700,494,976          | 1,023,126,606        |
| Burial allowance                    | 2,600,000            | 2,000,000            |
| Last expense insurance              | 15,608,702           | 14,741,626           |
|                                     | <b>2,754,759,630</b> | <b>2,814,167,325</b> |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>4. Income from investment</b>  |                    |                    |
| <b>Rental income</b>  |                    |                    |
| Gross rental income   | 379,287,947        | 316,416,183        |
| <b>Less:</b> direct rental expenses   | (176,351,753)      | (166,302,156)      |
| Net rental gain   | 202,936,195        | 150,114,027        |
| <b>Plan investment</b>  |                    |                    |
| Dividends receivable on quoted shares (Kenya and offshore)  | 99,371,366         | 94,911,265         |
| Interest and discounts receivable on Kenya Government securities, commercial paper and corporate bonds, and loans and receivables | 388,087,203        | 532,425,664        |
| Miscellaneous income  | 8,146,987          | 7,890,872          |
|   | <b>698,541,750</b> | <b>785,341,828</b> |

|  | 2024<br>Kshs         | 2023<br>Kshs         |
|--|----------------------|----------------------|
| <b>5.(i) Gain/(loss) on disposal of plan investments</b> |                      |                      |
| Sale proceeds on disposal of financial assets            | 717,516,989          | 1,423,965,208        |
| Fair value of financial assets disposed                  | (825,506,537)        | (1,575,652,724)      |
| <b>Net gain</b>  | <b>(107,989,549)</b> | <b>(151,687,516)</b> |

|   |                    |                      |
|---|--------------------|----------------------|
| <b>5.(ii) Fair value gain/(loss) on investment properties &amp; plan assets</b> |                    |                      |
| Fair value gain on investment properties  | -                  | (206,521,360)        |
| Changes in fair value of plan assets  | 834,454,191        | (795,400,000)        |
| Gain on disposal of investment property   | 18,850,000         | 23,250,000           |
|   | <b>853,304,191</b> | <b>(978,671,360)</b> |

## NOTES CONTINUED

|  | 2024<br>Kshs       | 2023<br>Kshs       |
|--|--------------------|--------------------|
| <b>6. Investment management expenses</b>                   |                    |                    |
| Fund managers' fees  | 8,400,958          | 10,622,426         |
| Custodian's fees   | 2,365,325          | 2,987,264          |
|  | <b>10,766,283</b>  | <b>13,609,690</b>  |
| <b>7. Administrative expenses</b>                          |                    |                    |
| Trustee meetings and allowances                            | 12,279,600         | 9,711,400          |
| Trustees' education  | 6,088,373          | 6,846,231          |
| Trustee travelling   | 5,229,699          | 4,688,000          |
| Trustees expenses  | 4,230,010          | 6,185,626          |
| Trustee elections  | -                  | 3,262,202          |
| AGM and member education                                   | 9,915,735          | 8,821,936          |
| Census transport allowance                                 | -                  | 17,427,138         |
| Staff duty travelling                                      | 2,928,085          | 2,305,522          |
| Administration and processing:                             |                    |                    |
| - printing and stationery, postage, internet and telephone | 1,572,038          | 1,898,376          |
| - pensioners' bank cheques, charges and commissions        | 1,833,237          | 4,497,471          |
| Audit fees   | 2,750,000          | 2,750,000          |
| Computer server and maintenance                            | 7,555,874          | 2,081,963          |
| Legal and professional fees                                | 22,647,979         | 7,001,001          |
| Consultancy fees   | 3,249,316          | 11,075,744         |
| Tendering expenses   | 2,796,528          | 3,104,718          |
| Conference fees  | 581,100            | 808,845            |
| Office expenses  | 1,698,537          | 1,350,867          |
| Staff costs  | 40,956,739         | 39,828,758         |
| Staff gratuity earned                                      | 6,732,366          | 7,775,444          |
| Staff Recruitment & Restructuring                          | 1,606,101          | -                  |
| Brokerage commission                                       | 200,643            | 433,122            |
| Customer care week expense                                 | 367,500            | 350,290            |
| Actuarial fees   | 1,740,000          | 4,060,000          |
| Auctioneer fees  | 395,325            | -                  |
| RBA levy   | 5,000,000          | 5,000,000          |
| Fines & penalties  | 39,567             | 15,249             |
| Depreciation on motor vehicle and equipments               | 15,709,784         | 15,558,605         |
| Advertising  | 1,037,939          | 1,224,975          |
| Insurance  | 195,437            | 390,912            |
| Office consolidation expense                               | 8,769,170          | -                  |
| Subscription fees  | 100,000            | 1,561,650          |
| Motor vehicle expenses                                     | 242,873            | 539,411            |
| Armotisation of intangible assets                          | 4,409,118          | 1,716,843          |
| Internal audit expenses                                    | 2,020,720          | 2,601,874          |
|  | <b>174,879,390</b> | <b>174,874,171</b> |

The scheme meets all its expenses.



|                                 | 2024<br>Kshs         | 2023<br>Kshs          |
|---------------------------------|----------------------|-----------------------|
| <b>8. Investment properties</b> |                      |                       |
| At start of year                | 10,433,630,000       | 10,640,151,360        |
| Revaluation loss                | -                    | (206,521,360)         |
| Assets held for sale (Note 10)  | (973,800,000)        | -                     |
| <b>At end of year</b>           | <b>9,459,830,000</b> | <b>10,433,630,000</b> |

Included in the amount is **Shs 128,700,000** relating to Property No. **Mombasa/Block/XXI/64** whose lease has expired.

Investment properties were professionally valued in November 2023 by Legend Valuers Limited independent valuers. All properties are scheduled for re valuation every three years 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 will be due in 2026.

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.

## NOTES CONTINUED

### 9. Motor vehicles and equipment

#### Year ended 31 December 2024

|                       | Computers<br>Shs  | Equipment<br>Shs  | Motor vehicle<br>Shs | Total<br>Shs      |
|-----------------------|-------------------|-------------------|----------------------|-------------------|
| <b>Cost</b>           |                   |                   |                      |                   |
| At start of year      | 16,579,625        | 75,798,202        | 4,947,158            | 97,324,985        |
| Disposals             | (144,130)         | -                 | -                    | (144,130)         |
| Additions             | -                 | 995,859           | -                    | 995,859           |
| <b>At end of year</b> | <b>16,435,495</b> | <b>76,794,061</b> | <b>4,947,158</b>     | <b>98,176,714</b> |
| <b>Depreciation</b>   |                   |                   |                      |                   |
| At start of year      | 7,482,060         | 49,223,851        | 3,082,148            | 59,788,059        |
| Disposals             | (31,583)          | -                 | -                    | (31,583)          |
| Charge for the year   | 2,444,515         | 12,275,837        | 998,432              | 15,709,783        |
| At end of year        | 9,894,992         | 61,499,688        | 4,071,579            | 75,466,259        |
| <b>Net book value</b> | <b>6,540,504</b>  | <b>15,294,373</b> | <b>875,579</b>       | <b>22,710,455</b> |

#### Year ended 31 December 2023

|                       | Computers<br>Shs  | Equipment<br>Shs  | Motor vehicle<br>Shs | Total<br>Shs      |
|-----------------------|-------------------|-------------------|----------------------|-------------------|
| <b>Cost</b>           |                   |                   |                      |                   |
| At start of year      | 9,933,835         | 71,202,602        | 4,947,158            | 86,083,595        |
| Disposals             | -                 | -                 | -                    | -                 |
| Additions             | 6,645,790         | 4,595,600         | -                    | 11,241,390        |
| <b>At end of year</b> | <b>16,579,625</b> | <b>75,798,202</b> | <b>4,947,158</b>     | <b>97,324,985</b> |
| <b>Depreciation</b>   |                   |                   |                      |                   |
| At start of year      | 5,572,625         | 36,564,113        | 2,092,716            | 44,229,454        |
| Disposals             | -                 | -                 | -                    | -                 |
| Charge for the year   | 1,909,435         | 12,659,738        | 989,432              | 15,558,605        |
| At end of year        | 7,482,060         | 49,223,851        | 3,082,148            | 59,788,059        |
| <b>Net book value</b> | <b>9,097,565</b>  | <b>26,574,350</b> | <b>1,865,011</b>     | <b>37,536,926</b> |

### 10. Assets classified as held for sale

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

|                                 | 2024<br>Shs          | 2023<br>Shs        |
|---------------------------------|----------------------|--------------------|
| Property held for sale (Note 8) |                      |                    |
| At start of year                | 512,900,000          | 674,700,000        |
| Additions                       | 973,800,000          | -                  |
| Disposals                       | (133,000,000)        | (161,800,000)      |
| <b>At end of year</b>           | <b>1,353,700,000</b> | <b>512,900,000</b> |



## NOTES CONTINUED

|                                      | 2024<br>Kshs         | 2023<br>Kshs         |
|--------------------------------------|----------------------|----------------------|
| <b>11. Plan investments</b>          |                      |                      |
| Shares                               | 1,627,465,926        | 1,293,082,611        |
| Kenya government securities          | 2,458,373,379        | 2,786,712,993        |
| Commercial paper and corporate bonds | -                    | -                    |
| Reits                                | 169,804,821          | 185,843,368          |
| Fixed term bank deposits (Note 14)   | 701,623,155          | 150,181,528          |
|                                      | <b>4,957,267,281</b> | <b>4,415,820,501</b> |

## NOTES CONTINUED

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

### 11. Plan investments (continued)

#### Year ended 31 December 2024

|                                      | As previously reported | Restatement adjustment | Restated             | Purchases at cost | Disposals/maturity     | Gain on disposal     | Change in fair value | Fair value gain Loss on | Value at end of year |
|--------------------------------------|------------------------|------------------------|----------------------|-------------------|------------------------|----------------------|----------------------|-------------------------|----------------------|
|                                      | Kshs                   | Kshs                   | Kshs                 | Kshs              | Kshs                   | Kshs                 | Kshs                 | Kshs                    | Kshs                 |
| Shares                               |                        |                        |                      |                   |                        |                      |                      |                         |                      |
| - unquoted investments               | 256,692,800            | -                      | 256,692,800          | -                 | -                      | -                    | -                    | -                       | 256,692,800          |
| - quoted shares (Kenya and Uganda)   | 1,036,389,811          | -                      | 1,036,389,811        | -                 | (127,852,226)          | (9,763,276)          | 471,998,817          | -                       | 1,370,773,126        |
| Kenya government securities          | 2,786,712,993          | -                      | 2,786,712,993        | -                 | (589,665,321)          | (98,226,272)         | 359,551,979          | -                       | 2,458,373,379        |
| Commercial paper and corporate bonds |                        |                        |                      |                   |                        |                      |                      |                         |                      |
| Private equity                       | 185,843,368            | -                      | 185,843,368          | 26,828,754        | (45,770,700)           | -                    | 2,903,398            | -                       | 169,804,821          |
|                                      | <b>4,265,638,972</b>   | -                      | <b>4,265,638,972</b> | <b>26,828,754</b> | <b>(763,288,246)</b>   | <b>(107,989,549)</b> | <b>834,454,194</b>   | -                       | <b>4,255,644,126</b> |
| <b>Year ended 31 December 2023</b>   |                        |                        |                      |                   |                        |                      |                      |                         |                      |
| Shares                               |                        |                        |                      |                   |                        |                      |                      |                         |                      |
| - Unquoted investments               | 256,692,800            | -                      | 256,692,800          | -                 | -                      | -                    | -                    | -                       | 256,692,800          |
| - Quoted shares (Kenya and Uganda)   | 1,655,616,997          | -                      | 1,655,616,997        | -                 | (92,283,663)           | (526,943,523)        |                      |                         | 1,036,389,811        |
| Kenya government securities          | 4,547,032,418          | -                      | 4,547,032,418        | (1,322,942,488)   | (160,426,573)          | (276,950,364)        |                      |                         | 2,786,712,993        |
| Commercial paper and corporate bonds |                        |                        |                      |                   |                        |                      |                      |                         |                      |
| Private equity                       | 153,896,386            | -                      | 153,896,386          | 31,946,981        | -                      | 11,990,444           |                      |                         | 185,843,368          |
|                                      | <b>6,613,238,602</b>   | -                      | <b>6,613,238,602</b> | <b>31,946,981</b> | <b>(1,415,226,151)</b> | <b>(803,893,887)</b> |                      | -                       | <b>4,265,638,972</b> |

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.



**11. Plan investments (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 2024 to the contractual maturity date.

|                                      | Up to 1 year<br>Kshs | 1-5 years<br>Kshs    | Over 5 years<br>Kshs | Total<br>Kshs        |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Kenya government securities          | 25,601,450           | 1,391,787,403        | 1,040,984,526        | 2,458,373,379        |
| Commercial paper and corporate bonds | -                    | -                    | -                    | -                    |
|                                      | <b>25,601,450</b>    | <b>1,391,787,403</b> | <b>1,040,984,526</b> | <b>2,458,373,379</b> |

**12. Intangible assets**

|                       | 2024<br>Kshs      | 2023<br>Kshs      |
|-----------------------|-------------------|-------------------|
| <b>Software costs</b> |                   |                   |
| <b>Cost</b>           |                   |                   |
| At start of year      | 25,128,037        | 8,334,637         |
| Additions             | 18,963,141        | 16,793,400        |
| At end of year        | 44,091,178        | 25,128,037        |
| <b>Amortisation</b>   |                   |                   |
| At start of year      | 5,784,970         | 4,068,127         |
| Charge for the year   | 4,409,118         | 1,716,843         |
| At end of year        | 10,194,088        | 5,784,970         |
| <b>Net book value</b> | <b>33,897,090</b> | <b>19,343,067</b> |

The software relates to electronic document management system.

**13. Receivables and accrued income**

|   | 2024<br>Kshs         | 2023<br>Kshs         |
|---|----------------------|----------------------|
| Rent receivable                         | 171,966,478          | 137,390,380          |
| Less: provision for bad debts           | (114,987,247)        | (97,534,606)         |
| Net rent receivable                     | 56,979,231           | 39,855,774           |
| Other rent receivables                  | 12,983,759           | 12,983,759           |
| Service charge receivables              | 29,950,043           | 33,140,458           |
| Receivables under development projects  | 1,932,571,685        | 2,144,794,677        |
| Utilities deposits                      | 3,310,302            | 3,310,302            |
| Prepayments                             | 171,120,314          | 17,627,614           |
| Related parties                         | 10,485,942           | 11,002,005           |
| Dividends receivable                    | 2,443,831            | 370,424              |
| WHT On Investment Income-Claimable      | 12,767,076           | 12,105,885           |
| ERP System Implementation-W.I.P.        | -                    | 18,124,136           |
|   | <b>2,232,612,184</b> | <b>2,293,315,035</b> |
| <b>Movement in impairment provision</b> |                      |                      |
| At start of year                        | 97,534,606           | 97,534,606           |
| Additions                               | 17,452,641           | -                    |
| Recoveries                              | -                    | -                    |
|   | <b>114,987,247</b>   | <b>97,534,606</b>    |

## 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.

Bellevue 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:

| Project          | Land Reference Number | Cost Kshs          |
|------------------|-----------------------|--------------------|
| Bombululu        | MSA/123/MN/1          | 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

|              | 2024<br>Kshs       | 2023<br>Kshs       |
|--------------|--------------------|--------------------|
| Cash at bank | <b>113,876,811</b> | <b>173,109,498</b> |

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

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Cash and bank                      | 113,876,811        | 173,109,498        |
| Fixed term bank deposits (Note 11) | 701,623,155        | 150,181,528        |
|                                    | <b>815,499,966</b> | <b>323,291,026</b> |

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



15. Payables and accrued expenses

|  | 2024<br>Kshs       | 2023<br>Kshs       |
|--|--------------------|--------------------|
| Rent deposits                                    | 76,149,659         | 68,235,123         |
| Due to Domestic Taxes Department                 | 12,198,962         | 9,058,072          |
| Accrued expenses                                 | 62,041,363         | 106,758,999        |
| Staff gratuity                                   | 23,112,033         | 23,374,554         |
| Accrued pension liability                        | 22,293,508         | 22,293,508         |
| RBA levy   | 5,000,000          | 5,000,000          |
| Investment property sale deposit                 | 742,490,681        | 184,090,000        |
| Tender deposits                                  | 90,000             | -                  |
| Related party-KPARBS2012                         | 441,005            | -                  |
| Bombolulu project                                | 48,219,678         | 48,219,678         |
| <b>Total other payables and accrued expenses</b> | <b>992,036,890</b> | <b>467,029,934</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 2024       | 3 to 12 months<br>Kshs | Over 1 year<br>Kshs | Total<br>Kshs      |
|-----------------------------------|------------------------|---------------------|--------------------|
| Rent deposits                     | 13,668,085             | 62,481,574          | 76,149,659         |
| Due to Domestic Taxes Department  | 12,198,962             | -                   | 12,198,962         |
| Accrued expenses                  | 43,415,288             | 19,157,080          | 62,572,368         |
| Staff gratuity                    | 7,604,197              | 15,507,836          | 23,112,033         |
| Accrued pension liability         | -                      | 22,293,508          | 22,293,508         |
| RBA levy                          | 5,000,000              | -                   | 5,000,000          |
| Investment property sale deposits | 662,350,681            | 80,140,000          | 742,490,681        |
| Bombolulu project                 | -                      | 48,219,678          | 48,219,678         |
|                                   | <b>744,237,213</b>     | <b>247,799,676</b>  | <b>992,036,889</b> |

| Year ended 31 December 2023       | 3 to 12 months<br>Kshs | Over 1 year<br>Kshs | Total<br>Kshs      |
|-----------------------------------|------------------------|---------------------|--------------------|
| Rent deposits                     | 9,271,725              | 58,963,399          | 68,235,123         |
| Due to Domestic Taxes Department  | 9,058,072              | -                   | 9,058,072          |
| Accrued expenses                  | 73,604,139             | 33,154,861          | 106,758,999        |
| Staff gratuity                    | 7,775,444              | 15,599,109          | 23,374,554         |
| Accrued pension liability         | -                      | 22,293,508          | 22,293,508         |
| RBA levy                          | 5,000,000              | -                   | 5,000,000          |
| Investment property sale deposits | 2,500,000              | 181,590,000         | 184,090,000        |
| Bombolulu project                 | -                      | 48,219,678          | 48,219,678         |
|                                   | <b>107,209,380</b>     | <b>359,820,554</b>  | <b>467,029,934</b> |

## NOTES CONTINUED

### 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:

|  |            |            |
|--|------------|------------|
| (i) - Outstanding expenses refund to KPARBS 2012   | 441,005    | -          |
| (ii)- Outstanding expenses refund from KPARBS 2012 | 10,485,942 | 11,002,005 |

### ii) Key management compensation

|                         |           |           |
|-------------------------|-----------|-----------|
| Meetings and allowances | 5,960,000 | 8,980,000 |
|-------------------------|-----------|-----------|

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

### 17. 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.

|                                      | 2024  | 2023  | Maximum investment as per RBA |
|--------------------------------------|-------|-------|-------------------------------|
|                                      | %     | %     | %                             |
| Cash and demand deposits             | 0.8%  | 1.2%  | 5                             |
| Fixed and time deposits              | 4.8%  | 1.0%  | 30                            |
| Commercial paper and corporate bonds | 0.0%  | 0.0%  | 20                            |
| Kenya Government securities          | 16.9% | 18.6% | 90                            |
| Shares - Kenya                       | 9.4%  | 6.9%  | 70                            |
| Private equity                       | 1.2%  | 1.2%  | 10                            |
| Shares - unquoted                    | 1.8%  | 1.7%  | 5                             |
| Reits                                | 0.0%  | 0.0%  | 30                            |
| Immovable properties                 | 64.1% | 59.1% | 30                            |

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.

### 18. 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.

### 19. Contingent liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 31 December 2024, 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.



**20. Actuarial position**

The last actuarial valuation was carried out as at 31 December 2023 in June 2024 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:

|                     | 2023<br>Kshs          | 2022<br>Kshs          |
|---------------------|-----------------------|-----------------------|
| Vested benefits     | 12,366,000,000        | 12,161,000,000        |
| Non vested benefits | 13,777,000,000        | 14,947,000,000        |
| <b>Total</b>        | <b>26,143,000,000</b> | <b>27,108,000,000</b> |

The fair value of the net assets available for benefits was Shs 17,418,000,000 (2022 : Shs 20,121,000,000) resulting in a deficit of Shs 8,724,000,000 (2022 :Shs 6,987,000,000)

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

**21. 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.

**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 11.

At 31 December 2024, 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 Kshs nil (2023: 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 2024, 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 Kshs 24,583,733 (2023: Kshs 27,867,129) arising substantially from the change in market value of debt securities.

## NOTES CONTINUED

### 21. Risk management objectives and policies (continued)

#### 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 2024, 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 Kshs 18,172,862 (2023: 17,887,252) 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 fair values of these assets and liabilities are determined.



21. Risk management objectives and policies (continued)

e) Fair value measurements (continued)

| Year ended 31 December 2024          | Level 1<br>Kshs      | Level 2<br>Kshs      | Level 3<br>Kshs    | Totals<br>Kshs       |
|--------------------------------------|----------------------|----------------------|--------------------|----------------------|
| <b>Financial assets</b>              |                      |                      |                    |                      |
| Shares                               |                      |                      |                    |                      |
| - unquoted investments               | -                    | -                    | 256,692,800        | 256,692,800          |
| - quoted shares (Kenya)              | 1,370,773,126        | -                    | -                  | 1,370,773,126        |
| Kenya government securities          | -                    | 2,458,373,379        | -                  | 2,458,373,379        |
| Commercial paper and corporate bonds | -                    | -                    | -                  | -                    |
|                                      | <b>1,370,773,126</b> | <b>2,458,373,379</b> | <b>256,692,800</b> | <b>4,085,839,305</b> |

| Year ended 31 December 2023          | Level 1<br>Kshs      | Level 2<br>Kshs      | Level 3<br>Kshs    | Totals<br>Kshs       |
|--------------------------------------|----------------------|----------------------|--------------------|----------------------|
| <b>Financial assets</b>              |                      |                      |                    |                      |
| Shares                               |                      |                      |                    |                      |
| - unquoted investments               | -                    | -                    | 256,692,800        | 256,692,800          |
| - quoted shares (Kenya)              | 1,036,389,811        | -                    | -                  | 1,036,389,811        |
| Kenya government securities          | -                    | 2,786,712,993        | -                  | 2,786,712,993        |
| Commercial paper and corporate bonds | -                    | -                    | -                  | -                    |
|                                      | <b>1,036,389,811</b> | <b>2,786,712,993</b> | <b>256,692,800</b> | <b>4,079,795,604</b> |

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 an 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.

## NOTES CONTINUED

### 22. Commitments

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

### 23. 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 fundstructure 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.

### 24. Presentation currency

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

### 25. 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

### 26. 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.



## LISTING OF INVESTMENT PROPERTIES

|    | PROPERTY                  | LOCATION   | 2024 Shs      | 2023 Shs      |
|----|---------------------------|--|---------------|---------------|
| 1  | MN/Sec 1/1662             | Mombasa - Mbuni Road - Nyali                     | -             | 81,000,000    |
| 2  | MN/Sec 1/2505             | Mombasa - Kittaruni Road - Nyali                 | 24,800,000    | 24,800,000    |
| 3  | MN/Sec 1/2512             | Mombasa - Kittaruni Road - Nyali                 | 36,000,000    | 36,000,000    |
| 4  | MN/Sec 1/2511             | Mombasa - Kittaruni Road -Nyali                  | 22,900,000    | 22,900,000    |
| 5  | MN/Sec 1/1605             | Mombasa - Kasuku Road- Nyali                     | -             | 80,000,000    |
| 6  | MN/Sec 1/1604             | Mombasa - Kasuku Road- Nyali                     | 80,000,000    | 80,000,000    |
| 7  | MN/Sec 1/1339             | Mombasa - Off Bandari - Nyali                    | -             | 70,300,000    |
| 8  | MN/Sec 1/1332             | Mombasa - Mukoma Road off Kongoni Road - Nyali   | -             | 65,700,000    |
| 9  | MN/Sec 1/1334             | Mombasa - Off Kongoni Road - Nyali               | -             | 71,000,000    |
| 10 | MN/Sec 1/1352             | Mombasa - Off Makongeni Road - Nyali             | 70,000,000    | 70,000,000    |
| 11 | MN/Sec 1/1350             | Mombasa - Off Makongeni Road - Nyali             | 70,000,000    | 70,000,000    |
| 12 | MN/Sec 1/1345             | Mombasa - Off Makongeni Road - Nyali             | -             | 67,600,000    |
| 13 | MN/ Sec 1/2513            | Mombasa - Kittaruni Road - Nyali                 | -             | 39,200,000    |
| 14 | MN/Sec 1/3188             | Mombasa - 5th Avenue - Nyali                     | 69,100,000    | 69,100,000    |
| 15 | MN/Sec 1/3185             | Mombasa - 5th Avenue - Nyali                     | -             | 65,200,000    |
| 16 | MN/Sec 1/3184             | Mombasa - 5th Avenue - Nyali                     | -             | 60,600,000    |
| 17 | MN/Sec 1/2523             | Mombasa - Kittaruni Road - Nyali                 | 30,000,000    | 30,000,000    |
| 18 | M/B XXI/542,545 & 546     | Mombasa - Off Archbishop Makarios Road - Ganjoni | 102,600,000   | 102,600,000   |
| 19 | MN/Sec 1/1286             | Mombasa - Links Road - Nyali                     | -             | 106,000,000   |
| 20 | MN/Sec 1/534              | Mombasa - Off Jamhuri Road - Nyali               | 159,000,000   | 159,000,000   |
| 21 | M/B XXV/119               | Mombasa - Dedan Kimathi Estate Road              | 1,295,700,000 | 1,295,700,000 |
| 22 | M/B XXVI/1000             | Mombasa - Kaunda Street - Kizingo                | 312,000,000   | 312,000,000   |
| 23 | M/B XXVI/328              | Mombasa - Margaret Avenue - Kizingo              | 173,800,000   | 173,800,000   |
| 24 | M/B XXVI/53               | Mombasa - Tritton Road-Kizingo                   | 260,000,000   | 260,000,000   |
| 25 | L.R.No 1870/IX/118        | Mombasa - Bandari Plaza - Westlands              | 850,000,000   | 850,000,000   |
| 26 | M/B XXI/435,436,437 & 508 | Mombasa - Cannon House 1 & 2 Moi avenue          | 852,830,000   | 852,830,000   |
| 27 | L.R.No 209/384/4          | Nairobi - Nyaku House Hurlingham                 | 550,000,000   | 550,000,000   |
| 28 | M/B XXI/64                | Mombasa - Rex House - Moi avenue                 | 128,700,000   | 128,700,000   |
| 29 | M/B XX/149                | Mombasa - Motor Mart Building Moi avenue         | 70,000,000    | 70,000,000    |
| 30 | M/B XX/150                | Mombasa - Motor Mart Building Moi avenue         | 70,000,000    | 70,000,000    |
| 31 | M/B XX/151                | Mombasa - Motor Mart Building Moi avenue         | 70,000,000    | 70,000,000    |
| 32 | M/B XXV/86                | Mombasa - NSSF Plots-Off Security lane           | 160,000,000   | 160,000,000   |
| 33 | M/B XXV/93                | Mombasa - NSSF Plots-Off Security lane           | 152,000,000   | 152,000,000   |
| 34 | L.R. Number 209/378/10    | Mombasa - Hurlingham Court-Hurlingham            | 520,000,000   | 520,000,000   |
| 35 | M/B XI/582                | Mombasa - Wakauma Avenue - Tudor area            | -             | 20,000,000    |
| 36 | M/B XI/579                | Mombasa - Wakauma /Msaada Avenue-Tudor area      | -             | 26,600,000    |
| 37 | M/B XI/578                | Mombasa - Wakauma Avenue-Tudor area              | -             | 26,600,000    |
| 38 | M/B XI/581                | Mombasa - Wakauma /Msaada Avenue Tudor area      | -             | 20,000,000    |
| 39 | M/B XXVI/30               | Mombasa - Kaunda Avenue-Kizingo                  | 106,000,000   | 106,000,000   |
| 40 | M/B XXVI/50               | Mombasa - Kaunda Avenue-Kizingo                  | 190,000,000   | 190,000,000   |

## LISTING OF INVESTMENT PROPERTIES CONTINUED

|    | PROPERTY                     | LOCATION  | 2024<br>Shs          | 2023<br>Shs           |
|----|------------------------------|---|----------------------|-----------------------|
| 41 | M/B XXIII/217                | Mombasa - Off Mbaraki Road-Mbaraki                  | 76,000,000           | 76,000,000            |
| 42 | M/B XXIII/219                | Mombasa - Off Mbaraki Road-Mbaraki                  | 67,200,000           | 67,200,000            |
| 43 | M/B XXIII/223                | Mombasa - Off Mbaraki Road-Mbaraki                  | 62,400,000           | 62,400,000            |
| 44 | M/B XXIII/224                | Mombasa - Off Mbaraki Road-Mbaraki                  | 59,600,000           | 59,600,000            |
| 45 | M/B XXIII/221                | Mombasa - Off Mbaraki Road-Mbaraki                  | 58,700,000           | 58,700,000            |
| 46 | M/B XXIII/220                | Mombasa - Off Mbaraki Road-Mbaraki                  | 69,800,000           | 69,800,000            |
| 47 | M/B XXIII/218                | Mombasa - Off Mbaraki Road-Mbaraki                  | 77,900,000           | 77,900,000            |
| 48 | M/B XXIII/222                | Mombasa - Off Mbaraki Road-Mbaraki                  | 56,400,000           | 56,400,000            |
| 49 | M/B XI/474                   | Mombasa - Tom Mboya/Wajir Road - Tudor area         | 52,700,000           | 52,700,000            |
| 50 | M/B XI/475                   | Mombasa - Tom Mboya/Wajir Road - Tudor area         | 52,700,000           | 52,700,000            |
| 51 | L.R.No 209/10216             | Nairobi - KPA Bellevue Estate-Off Popo Road South C | 1,800,000,000        | 1,800,000,000         |
| 52 | L.R.No 10530/34              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 53 | L.R.No 10530/80              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 54 | L.R.No 10530/60              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 55 | L.R.No 10530/56              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 56 | L.R.No 10530/50              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 57 | L.R.No 10530/38              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 58 | L.R.No 10530/26              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 59 | L.R.No 10530/30              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 17,000,000            |
| 60 | MSA/BLOCK 1/2262 FMR BLK 491 | Mombasa - Makande, Mombasa                          | 277,000,000          | 277,000,000           |
| 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                 | 224,000,000          | 224,000,000           |
| 63 | L R.No MSA/XVIII/335         | Mombasa - Msanifu Kombo Road, Mwembe Tayari         | 55,000,000           | 55,000,000            |
| 64 | L.R.No 10530/86              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 19,000,000            |
| 65 | L.R.No 10530/89              | Nairobi - Siwaka Estate-Off Ole Sangare Road        | -                    | 19,000,000            |
|    |                              |   | <b>9,459,830,000</b> | <b>10,433,630,000</b> |



## LISTING OF ASSETS HELD FOR SALE

|    | PROPERTY         | LOCATION                                     | 2024<br>Shs          | 2023<br>Shs        |
|----|------------------|--|----------------------|--------------------|
| 1  | MN/Sec 1/3960    | Mombasa - Off Mt. Kenya Road-Nyali           | 55,000,000           | 55,000,000         |
| 2  | MN/Sec 1/1353    | Mombasa - Off Makongeni Road-Nyali           | -                    | 45,000,000         |
| 3  | L.R.No 10530/151 | Siwaka Estate-Off Ole Sangare Road           | 16,500,000           | 16,500,000         |
| 4  | L.R.No 10530/130 | Siwaka Estate-Off Ole Sangare Road           | 15,600,000           | 15,600,000         |
| 5  | L.R.No 10530/61  | Siwaka Estate-Off Ole Sangare Road           | -                    | 15,600,000         |
| 6  | L R.No 10530/132 | Siwaka Estate-Off Ole Sangare Road           | 15,500,000           | 15,500,000         |
| 7  | L.R.No 10530/149 | Siwaka Estate-Off Ole Sangare Road           | 17,200,000           | 17,200,000         |
| 8  | L.R.No 10530/68  | Siwaka Estate-Off Ole Sangare Road           | 15,600,000           | 15,600,000         |
| 9  | L.R.No 10530/69  | Siwaka Estate-Off Ole Sangare Road           | 15,600,000           | 15,600,000         |
| 10 | L.R.No 10530/53  | Siwaka Estate-Off Ole Sangare Road           | 15,600,000           | 15,600,000         |
| 11 | MN/Sec 1/533     | Mombasa - Jamhuri Road-Nyali                 | 148,800,000          | 148,800,000        |
| 12 | MN/Sec 1/1660    | Mombasa - Mbuni Road-Nyali                   | -                    | 72,400,000         |
| 13 | MN/Sec 1/1351    | Mombasa - Off Makongeni Road-Nyali           | 64,500,000           | 64,500,000         |
| 14 | L.R.No 10530/26  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 15 | L.R.No 10530/30  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 16 | L.R.No 10530/34  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 17 | L.R.No 10530/38  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 18 | L.R.No 10530/50  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 19 | L.R.No 10530/56  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 20 | L.R.No 10530/60  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 21 | L.R.No 10530/80  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 17,000,000           | -                  |
| 22 | L.R.No 10530/86  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 19,000,000           | -                  |
| 23 | L.R.No 10530/89  | Nairobi - Siwaka Estate-Off Ole Sangare Road | 19,000,000           | -                  |
| 24 | M/B XI/578       | Mombasa - Wakauma Avenue-Tudor area          | 26,600,000           | -                  |
| 25 | M/B XI/579       | Mombasa - Wakauma /Msaada Avenue-Tudor area  | 26,600,000           | -                  |
| 26 | M/B XI/581       | Mombasa - Wakauma /Msaada Avenue-Tudor area  | 20,000,000           | -                  |
| 27 | M/B XI/582       | Mombasa - Wakauma Avenue-Tudor area          | 20,000,000           | -                  |
| 28 | MN/Sec 1/1286    | Mombasa - Links Road-Nyali                   | 106,000,000          | -                  |
| 29 | MN/Sec 1/1332    | Mombasa - Mukoma Road off Kongoni Road-Nyali | 65,700,000           | -                  |
| 30 | MN/Sec 1/1334    | Mombasa - Off Kongoni Road-Nyali             | 71,000,000           | -                  |
| 31 | MN/Sec 1/1339    | Mombasa - Off Bandari-Nyali                  | 70,300,000           | -                  |
| 32 | MN/Sec 1/1345    | Mombasa - Off Makongeni Road-Nyali           | 67,600,000           | -                  |
| 33 | MN/Sec 1/1605    | Mombasa - Kasuku Road-Nyali                  | 80,000,000           | -                  |
| 34 | MN/Sec 1/1662    | Mombasa - Mbuni Road-Nyali                   | 81,000,000           | -                  |
| 35 | MN/ Sec 1/2513   | Mombasa - Kittaruni Road-Nyali               | 39,200,000           | -                  |
| 36 | MN/Sec 1/3184    | Mombasa - 5th Avenue-Nyali                   | 60,600,000           | -                  |
| 37 | MN/Sec 1/3185    | Mombasa - 5th Avenue-Nyali                   | 65,200,000           | -                  |
|    |                  |  | <b>1,353,700,000</b> | <b>512,900,000</b> |







---

**KENYA PORTS AUTHORITY**  
**PENSION SCHEME (DB SCHEME)**  
7<sup>th</sup> Floor Cannon Towers (Old Block)  
P.O. Box 1019 - 80100  
Mombasa, Kenya.  
Tel: (+254) 768 777 444

---

[www.kpapension.co.ke](http://www.kpapension.co.ke)

Email: [info@kpapension.co.ke](mailto:info@kpapension.co.ke)