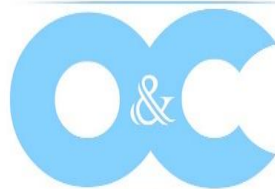




**KENYA PORTS AUTHORITY RETIREMENT BENEFITS
SCHEME 2012 (DC)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE ENDED
YEAR 31 DECEMBER 2025**



Obiria and Company
Certified Public Accountants

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SCHEME INFORMATION

TRUSTEES

- : Mr. Lucas Katema - Chairman (Appointed 1st June 2025)
- : Ms. Emma Okello (Elected 30 November 2023)
- : Ms. Dolorees S.K Maikah (Elected 30 November 2023)
- : Mr. Samuel Tawa (Elected 30 November 2023)
- : Ms. Mercy Kirui (Appointed 12 May 2023)
- : Mr. Daniel Mugao (Appointed 1st July 2025)
- : Mr. Geoffrey Kavate (Retired 2025)
- : Dr. Consolata Lusweti (Retired 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 ADMINISTRATOR

- : Bernard Kibet
- : Kenya Ports Authority Retirement Benefits Scheme 2012
- : Old Cannon Towers, 7th floor
- : Moi Avenue
- : P. O. Box 1019 - 80100
- : Mombasa

SECRETARY

- : Vincent Makaya Oweya
- : Kenya Ports Authority Retirement Benefits Scheme 2012
- : P. O. Box 1019 - 80100
- : Mombasa

ACTUARY

- : Zamara Actuaries, Administrators and Consultants Ltd
- : P.O Box 5439 - 00200
- : Nairobi.

FUND MANAGERS

- | | |
|--|--|
| 1. ICEA LION Asset Managers Limited
P.O Box 46143 - 00100
Nairobi. | 2. Kenindia Assurance Company Limited
P.O Box 44372 - 00100
Nairobi. |
| 3. GenAfrica Asset Managers Limited
14 Riverside Business Park
P.O. Box 79217 - 00200
GPO Nairobi | 4. African Alliance Asset Managers Limited
4th Floor, Kenya RE Towers, upperhill
P.O Box 27639-00606 NAIROBI |

INDEPENDENT AUDITOR

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

SCHEME INFORMATION (CONTINUED)

REGISTERED OFFICE

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

BANKERS

1. KCB Bank of Kenya Limited
P. O. Box 30664 - 00100
Nairobi.
- 2 Stanbic Bank Kenya Limited
P. O. Box 90131 - 80100
Mombasa

LAWYERS

- 1 MMC Africa Law
P.O Box 90282 - 80100
Mombasa.
- 2 Munyao, Muthama & Kashindi Advocates
P.O Box 2419 - 80100
Mombasa.
- 3 Miller & Co Advocates
P.O Box 90088 - 80100
Mombasa.

REPORT OF THE TRUSTEES

The trustees present their report together with the audited financial statements for the Kenya Ports Authority Retirement Benefits Scheme 2012 (DC)(the "scheme") for the year ended 31 December 2025.

ESTABLISHMENT, NATURE, AND STATUS OF THE SCHEME

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

CONTRIBUTIONS

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

OBJECTIVES OF THE SCHEME

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

SCHEME MEMBERSHIP	2025 Number	2024 Number
At start of the year	5,881	5,908
Joiners	35	156
Leavers	(136)	(111)
Dormant members	(107)	(72)
At the end of the year	5,673	5,881
Deferred		
At start of year	352	352
Entrants	107	72
Less:		
Exits	(78)	(78)
At end of year	381	346
FINANCIAL REVIEW	2025 Shs	2024 Shs
Net assets		
At start of year	28,436,429,517	21,143,635,128
Increase / Decrease in net assets during the year	7,542,108,471	7,292,794,389
At end of year	35,978,537,988	28,436,429,517

The net rate of return credited to the members' accounts for the year was **18.24 %** for the registered fund and **18.48%** for the unregistered fund. The net rate of return credited to the members' accounts excludes unrealized gains and losses (changes in fair value) arising from the valuation of financial assets (specifically debt instruments/bonds) at fair value as provided in The Retirement Benefits (Occupational Retirement Benefits Funds) (Amendment regulations, 2023)

REPORT OF THE TRUSTEES (CONTINUED)

The net income to be allocated to the members' accounts has therefore been arrived at as follows;

	2025 Shs	2024 Shs
Net return/(loss) on investments, less investment management and administration expenses, as reported in the audited financial statements	6,357,321,524	5,762,477,044
Adjusted for:		
Unrealised (gains)/losses from the revaluation of debt instruments using the fair value model arising in the current year	(1,224,043,457)	(2,025,993,240)
Amounts credited to members' accounts	<u>5,133,278,066</u>	<u>3,736,483,804</u>

INVESTMENT OF FUNDS

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

Trustees are responsible for determining the Scheme's Investment Strategy and have prepared the Investment Policy Statement dated 1st November 2024. The principal objective of the Scheme's Investment Policy is to outline the investment goals and objectives of the

The Fund investments for the year ended 31 December 2025 were done in accordance with the broad investment guidelines issued by Retirement Benefits Authority (RBA) as shown below;

Investment	Value as at 31/12/2025	% of portfolio	Value as at 31/12/2024	% of portfolio	% RBA Limit
Quoted investment	4,141,030,303	11.59%	2,874,260,999	10.19%	70.00
Kenya government securities	25,262,859,079	70.70%	19,615,386,611	69.56%	90.00
Commercial paper and corporate bonds	15,000,000	0.04%	15,000,000	0.05%	20.00
Fixed and time deposits (Kenya)	608,866,201	1.70%	763,947,052	2.71%	30.00
Guaranteed fund - Kenindia	5,208,443,669	14.58%	4,650,396,133	16.49%	100.00
Offshore investments	496,872,196	1.39%	279,505,520	0.99%	15.00
Total	35,733,071,448		28,198,496,315	100	

We confirm that there is neither self-investment nor have any Scheme assets been used as collateral on behalf of the employer or any connected business or individual

REPORT OF THE TRUSTEES (CONTINUED)

TRUSTEES

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

EXPENSES

The scheme meets all its expenses.

TAXATION

Kenya Ports Authority Retirement Benefits Scheme 2012 has been approved by Kenya Revenue Authority and is exempt income tax on its investment income.

INDEPENDENT AUDITOR

The scheme's auditor, Obiria & Co.(CPA) were appointed on 1/01/2025 for a period of three years.

BY ORDER OF THE BOARD OF TRUSTEES



**TRUSTEE
MOMBASA**

26th March 2026

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act 1997 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

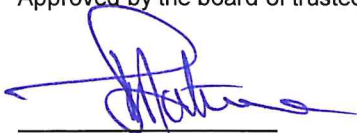
The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Scheme's rules. The Trustees are of 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 **26th March 2026** 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
Lucas Katema	55	Nominated	Male	Yes	Master of Business Administration (Strategic Management) MSc Maritime Affairs (Port Management) MSc (Occupational Safety & Health)	None
Emma Okello	42	Elected	Female	Yes	Master of Business Administration, (Strategic Management)	None
Dolorees Maikah	48	Elected	Female	Yes	Master of Science in Information Technology	None
Samuel Tawa	48	Elected	Male	Yes	Diploma in Business Management	None
Mercy Kirui	42	Nominated	Female	Yes	Master of Science in Procurement	Bamburi Cement Limited Staff Retirement Benefit Scheme
Daniel Mugao	60	Nominated	Male	Yes	MBA (Marketing)	Director Kenya Ports Authority

BOARD COMMITTEES

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

STANDING COMMITTEES

1. Finance & Investment Committee
2. Audit & Risk Committee
3. Administration & Communication Committee

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

MEETINGS HELD

The Board of Trustees held 6 meetings during the year ending the 31st December 2025

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

Type of Meeting	Number held	Dates
Regular Board	4	26/03/2025,23/06/2025,11/09/2025,8/12/2025
Special Board	2	17/09/2025,30/10/2025

The composition of the board of trustees is as hereunder:

- (a) Gender balance : Female 50% Male 50 %
- (b) Skills mix :No of Trustees with financial skills : 50 %
- (c) Age mix: Number of Trustees who are younger than 35 years : 0 %
- (d) Number of Trustees who are older than 35 years : 100 %

Committee name	No of meetings held	Any external advisors,invitees to meetings (Yes/No)	Allowances paid (Ksh)
Finance & Investment Committee	4	No	330,000
Audit & Risk Committee	4	No	270,000
Administration & Communication Committee	4	No	540,000

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

MEETINGS HELD (cont'd)

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

Name of Trustee	Meeting type	Attendance		
		No	Out of	%
Lucas Katema	Regular Board	3	4	75%
	Special Board	1	2	50%
Dolorees Maikah	Regular Board	4	4	100%
	Special Board	2	2	100%
	Administrative Committee	3	4	75%
	Finance and Investment	4	4	100%
	Audit &Risk	1	3	33%
Samuel Tawa	Regular Board	3	4	75%
	Special Board	2	2	100%
	Administrative Committee	4	4	100%
	Finance and Investment	3	4	75%
	Audit &Risk	2	3	67%
Daniel Mugo	Regular Board	2	4	50%
	Special Board	1	2	50%
	Administrative Committee	1	4	25%
	Finance and Investment	0	4	0%
	Audit &Risk	1	3	33%
Emma Okello	Regular Board	4	4	100%
	Special Board	2	2	100%
	Administrative Committee	4	4	100%
	Audit &Risk	3	3	100%
Geoffrey Kavate	Regular Board	2	4	50%
Consolata Lusweti	Regular Board	1	4	25%
	Administrative Committee	2	4	50%
	Audit &Risk	2	3	67%
Mercy Kirui	Regular Board	4	4	100%
	Special Board	2	2	100%
	Administrative Committee	4	4	100%
	Finance and Investment	4	4	100%

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FIDUCIARY RESPONSIBILITY STATEMENT

The Board of Trustees is the governing body of the Kenya Ports Authority Retirement Benefits Scheme 2012 and is responsible for the corporate governance of the scheme.

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

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

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

The Trustees have ensured that the fund manager has carried out all scheme investments and that 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 Fund's administrative processes remain transparent and accessible to members and the sponsor; and

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

- a) Triennial members' survey score will be undertaken
- b) Regular reports and feedback to the sponsor.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

KEY OUTCOMES (cont'd)

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

ANNUAL GENERAL MEETING (AGM)

The Board of Trustees held the annual general meeting on the 30th October 2025, at which 3400 members attended, making up 56.16% 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	3400	6,054	56.16%

MEMBERS' SENSITIZATION

Activities	Date held	No. of members who attended	Remarks
Annual General Meeting	30-10-25	3400	Attendance was both Pensioners and Active Members
Pre-Retirement Training	1.16th-18th July 2025 2.23rd- 25th July 2025 3.29th-31st July 2025-Lamu 4.6th-8th August 2025 5.3rd-5th Sept 2025-Nairobi 6.10th-12th Sept 2025	501	The training was held jointly with DB Scheme

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

TRUSTEES REMUNERATION

During the year under review, the trustees were paid a gross sum of **Kshs 2,180,000**. The payments complied with the trustee's draft remuneration policy of the scheme which was approved by members at the annual general meeting.

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 (CONTINUED)

BOARD OF TRUSTEES EVALUATION (cont'd)

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

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

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

Signed:.....

Dated:26th March 2026

**LUCAS KATEMA
CHAIRMAN**

**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 Retirement Benefits Scheme 2012 set out on pages 14 to 29 which comprise the statement of net assets available for benefits as at 31 December 2025 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 2025, 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.

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.

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.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF KENYA PORTS AUTHORITY PENSION SCHEME (CONTINUED)****Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

26th March 2025



UNIQUE CODE: 19080260409

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2025 Shs	2024 Shs
Income from dealings with members			
Contributions and transfer in	4	2,191,337,888	2,179,894,893
Outgoings from dealings with members			
Benefits payable and paid	5	(1,006,550,941)	(649,577,548)
Net reduction from dealings with members			
		1,184,786,947	1,530,317,345
Returns on investments			
Realised income	6	3,846,585,549	3,020,163,090
Unrealised income	7	2,714,344,965	2,949,393,436
Investment management expenses	8	(74,972,648)	(56,136,328)
Net return on investments			
		6,485,957,866	5,913,420,198
Other incomes	9	-	86,499,365
		-	86,499,365
Tax expense	10	-	(115,022,333)
Administrative expenses	11	(128,636,342)	(122,420,186)
		(128,636,342)	(237,442,519)
(Decrease)/increase in net assets for the year			
		7,542,108,471	7,292,794,389
Net assets available for benefits			
At start of year		28,436,429,517	21,143,635,128
(Decrease)/increase		7,542,108,471	7,292,794,389
At end of year		35,978,537,988	28,436,429,517

The notes on pages 17 - 29 form an integral part of these financial statements.

Report of the independent auditor - pages 12 - 13.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

		As at 31 December	
	Notes	2025 Shs	2024 Shs
Non-current assets			
Investments	12	35,731,888,033	28,197,312,899
Equipment	13	9,269,988	10,664,859
Intangible assets	14	13,860,714	13,137,289
		35,755,018,734	28,221,115,047
Current assets			
Receivables	15	205,592,768	79,691,038
Cash and cash equivalents	16	123,561,701	213,627,624
		329,154,469	293,318,662
Current liabilities			
Due to leavers	17	(36,209,258)	(19,542,852)
Other payables and accrued expenses	17	(69,425,956)	(58,461,340)
Current tax payable	18	-	-
		(105,635,214)	(78,004,192)
Net current assets		223,519,255	215,314,470
Net assets available for benefits		35,978,537,988	28,436,429,517
Funded by;			
Member balances	19	33,852,361,698	27,543,943,193
Child Trust Fund	19	12,155,218	2,508,710
Revaluation reserve	20	2,114,021,072	889,977,614
Net assets available for benefits		35,978,537,988	28,436,429,517

The financial statements on pages 14 to 29 were approved and authorised for issue by the Board of Trustees on 26th March 2026 and were signed on its behalf by:

TRUSTEE

TRUSTEE

The notes on pages 17 - 29 form an integral part of these financial statements.

Report of the independent auditor - pages 12 - 13.

STATEMENT OF CASH FLOWS

	Notes		2024 Shs
Cash flows from operating activities			
Contributions received	4	2,187,645,594	2,139,220,695
Transfers In	4	3,692,294	40,674,198
Administrative expenses paid	11	(128,636,342)	(122,420,187)
Depreciation on equipment	13 & 14	4,411,645	2,869,045
Benefits paid to leavers	5	(1,006,550,941)	(649,577,548)
Receivables and accrued income	15	(683,508,266)	(59,633,817)
Payables and accrued expenses	17	27,190,021	10,636,646
Tax paid	10	-	(115,022,333)
		404,244,005	1,246,746,699
Investing activities			
Purchase of plan investment	12	(6,425,009,476)	(5,828,764,065)
Proceeds from sale/maturity of plan investment	12	2,098,665,645	1,105,431,075
Investment income received	6	3,755,665,897	2,585,934,027
Other incomes received	9	-	79,292,871
Purchase of property & equipment	13	(1,540,197)	(9,765,029)
Purchase of intangible assets	14	(2,200,000)	(839,003)
Investment management expenses paid	8	(74,972,648)	(56,136,328)
		(649,390,779)	(2,124,846,452)
		(245,146,774)	(878,099,753)
Movement in cash and cash equivalents			
At start of year		977,574,676	1,855,674,430
Increase (decrease)		(245,146,774)	(878,099,754)
At end of year	22	732,427,902	977,574,676

The notes on pages 17 - 29 form an integral part of these financial statements.

Report of the independent auditor - pages 12 - 13.

NOTES

1 MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation of financial statements

The accounting policy information considered material in the preparation of the financial statements is set out below.

The financial statements have been prepared under the historical cost convention, and comply with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board the Kenyan Retirement Benefits Acts and the Retirements Benefits (Occupational Retirement Benefit Schemes) Regulations 2000.

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

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

The financial statements, except for cash flow information, are prepared using the accrual basis of accounting.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the scheme uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the scheme at the end of the reporting period during which the change occurred.

NOTES (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Changes in accounting policy and disclosures(continued)

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

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

ii. Standards, interpretations and amendments issued and effective.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 July 2023:

Title	Key requirements	Effective date
Amendments to IAS 1 - Non-current liabilities with covenants	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024 (Published September 2022)
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024 (Published May 2023)
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (Published August 2023)
Amendments to IAS 8 - Accounting policies, changes in Accounting Estimates and Errors	The amendments require entities to disclose the nature and effect of a change in an accounting estimate that has a significant impact on the financial statements.	Annual reporting periods begin on or after January 1 2024 (Published February 2021)

Material accounting policy information)continued)

c) Changes in accounting policy and disclosures(continued)

i. New and amended standards not adopted Kshs '000

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

ii. Standards, interpretations and amendments issued and effective. Cont'd)

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 July 2023:

Title	Key requirements	Effective date
Amendments to the classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)	The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. The amendments further require the disclosure of contractual terms that could change the timing of contractual cashflows on the occurrence (or non -occurrence of a contingent event that does not relate directly to changes in a basic lending risks and costs. This requirement is applicable to every class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.	Annual reporting periods beginning on or after 1 January 2026 (Published May 2022)

iii. Adoption of new and revised International Financial Reporting Standards

The trustees anticipate that there will be no material impact on the financial statements of the Scheme when these standards, interpretations and amendments are adopted and put into effect

The Scheme did not early adopt any new or amended standards in 2024

c) Statement of compliance and Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the Retirement Benefits Act, 1997 as amended and with the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations 2000

d) Key sources of estimation uncertainty

In the application of the accounting policies, the trustees are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimated and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are 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;

i) Impairment of receivables and accrued income - The Scheme reviews the 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.

ii) Fair value measurement and valuation process - In estimating the fair value of an asset or a liability, the trustees use market-observable data to the extent it is available. Where level 1 inputs are unavailable, the trustees make use of financial models or engages third party qualified to perform the valuation and provide inputs to the model.

Material accounting policy information (continued)

e) Revenue recognition

Contributions

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

Investments income

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

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

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

f) Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due.

g) Investments

All purchases and sales of investments are recognised on the trade date, which is the date the scheme commits to purchase or sell the investment. The cost of purchase includes all transaction costs. Investments are subsequently carried at fair value. Changes in the fair value of investments are recognised in the Statement of Changes in Net Assets Available for Benefits.

[NB: IAS 26 requires all investments to be carried at fair value, and this supersedes any conflicting requirement of IFRS 9.]

2 Significant judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3 Financial risk management objectives and policies

The Scheme's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Scheme's overall risk management policies are set out by the fund managers and guidelines approved by the trustees, and focus on the unpredictability of changes in the financial markets and seek to minimise the potential adverse effects of such risks on its financial performance. The Scheme does not hedge against any risks.

i) Credit risk

Credit risk arises from investments other than equity investments, contributions receivable, cash at bank, and other receivables. The investment manager assesses the credit quality of each investment, taking into account

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial risk management objectives and policies cont'd

The amount that best represents the Scheme's maximum exposure to credit risk at 31st December 2025 is made up as follows:

	2025	2024
	Kshs	Kshs
Administered deposit		
Other receivables	12,708,285	6,356,073
Cash at bank	732,427,902	977,574,676

ii) Liquidity risk

The trustees ensure that the fund's obligations are met as they arise. The trustees ensure prudent management of liquidity by planning and budgeting for cash requirements during the year. The trustees ensure adequate funds are retained in liquid or near liquid forms to pay leavers within thirty days of leaving. The trustees direct the Investment Manager to invest surplus funds

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

The fund's investments in variable rate deposits exposes it to cash flow interest rate risk, and its investments in fixed rate bonds expose it to fair value interest rate risk. The investment managers advise the trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The fund has no interest bearing liabilities.

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The investment managers advise the trustees on the appropriate limit of exposure to offshore investments.

Other price risk

Marketable instruments held by the fund include Treasury Bonds, Offshore Investments, Corporate Bonds and Commercial Papers whose market prices are subject to change. The trustees review the portfolio, set exposure limits and respond to market price changes and conditions to secure both fair values and cash flow from such instruments.

NOTES TO THE FINANCIAL STATEMENTS

4 Contributions and transfer in	2025 Shs	2024 Shs
Employer	1,458,430,396	1,426,147,130
Employees	729,215,198	713,073,565
Transfer in	3,692,294	40,674,198
	<u>2,191,337,888</u>	<u>2,179,894,893</u>
Transfers		
Transfer relates to funds for joiners who requested transfer of their funds to KPARBS 2012.		
5 Benefits paid to seceding members		
On retirement	885,558,015	532,520,034
On death	120,992,925	117,057,514
	<u>1,006,550,941</u>	<u>649,577,548</u>
6 Return on investments		
Treasury bond interest	2,822,585,654	2,223,592,906
Treasury bills interest	9,419,731	3,647,218
Fixed deposit interest	29,569,364	71,813,373
Call deposit interest	56,292,725	79,975,717
Account balance interest	328,065	4,796,015
Guaranteed fund	558,047,536	407,903,115
Corporate bonds income	1,249,147	115,110
Dividends	278,173,675	201,993,688
Loss/profit on disposal of equity	72,011,773	(31,456,674)
Profit on treasury bond sale	18,907,880	57,782,622
	<u>3,846,585,549</u>	<u>3,020,163,090</u>
*The net rate declared on the guaranteed fund for the year is 12% (2024: 10.3%)		
7 Fair value change on investments		
Fair value change on equity	1,444,563,093	918,894,676
Fair value change on treasury bonds	1,224,043,457	2,025,993,240
Fair value change on offshore investments	49,354,676	4,505,520
Revaluation gain / loss on foreign currency	(3,616,262)	-
	<u>2,714,344,965</u>	<u>2,949,393,436</u>
8 Investment management expenses		
Fund managers' fees	64,892,481	47,724,194
Custodian fees	10,080,167	8,412,134
	<u>74,972,648</u>	<u>56,136,328</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9 Other income

	2025	2024
	Kshs	Kshs
Funds recovered by EACC from the Kikambala case	-	79,292,871
Decrease in expected credit loss	-	7,206,494
	-	86,499,365

10 Corporate tax

Taxation

The Scheme is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Ksh 240,000 per member per annum is subject to income tax.

The tax charge for the year is calculated on the investment income less administrative and investment management expenses apportioned to the supplementary (taxable) scheme, which comprises the cumulative contributions in excess of the limits imposed by the Income Tax Act for tax exempt schemes, and income thereon.

The rate used for apportionment of expenses is calculated by taking the total of the opening fund value, contributions received during the year and benefits paid during the year of the supplementary scheme as a portion of the total opening fund value, contributions received during the year and benefits paid during the year.

	2025	2024
	Kshs	Kshs
Investment income - unregistered		348,552,526
Deductible expenses - unregistered		-
Taxable income		-
Estimated taxable income (Increasing tax liability of previous year by 10%)		383,407,778
Tax thereon at 30%		115,022,333
Tax charge for the period	-	846,982,637
Corporate tax		
Balance brought forward		2,640,614
Tax paid		(2,640,614)
Underprovision/overprovision of tax		
Tax charge for the period		115,022,333
Installment taxes paid in the year		(115,022,333)
Corporate tax payable-unregistered fund		-
	-	-

NOTES (CONTINUED)	2025 Shs	2024 Shs
11 (a) Administrative expenses		
Trustees allowances and subsistence	5,994,364	6,520,698
Trustees training	10,335,741	8,461,075
Trustees & staff retreat	2,625,475	2,208,827
Trustees liability insurance cover	2,074,626	2,266,192
Trustees (other expenses)	150,000	712,800
Board meeting expenses	326,590	202,550
Air tickets	5,242,060	3,659,080
Member education	14,953,091	13,241,687
Conferences	1,830,220	490,000
Customer service week	315,500	245,000
AGM expenses	10,334,656	7,212,100
Election expenses	-	-
Audit Fees: External	900,000	1,100,000
Internal	739,500	2,020,720
Actuarial fees	358,333	1,133,600
Legal fees	-	3,740,461
RBA levy	5,000,000	5,000,000
Consultancy	5,131,289	928,000
Office administration expenses	1,737,355	2,370,487
Staff training & professional development	7,539,684	7,382,719
Staff duty travel	1,672,542	847,505
Staff recruitment & restructuring	-	1,502,101
Telephone, wifi, internet, postage & courier	670,385	966,851
Bank charges	351,999	335,441
Brokerage commission	298,491	-
ICT expenses	8,578,083	5,511,781
Subscription to pension scheme associations	100,000	100,000
Motor vehicle running	206,368	242,873
Printing & stationery	511,714	645,237
Advertisement	-	151,351
Tender expenses	642,400	1,319,820
Depreciation	2,935,069	1,409,346
Amortization of intangible assets	1,476,576	1,459,699
	93,032,111	83,388,001
(b) Staff costs		
Staff payroll	25,993,822	28,098,213
Staff gratuity expense	6,111,106	6,732,366
Staff medical insurance	2,626,002	3,204,648
Staff group life insurance	873,302	996,957
	35,604,232	39,032,184
Total administrative expenses	128,636,342	122,420,186

The scheme meets all its expenses.

NOTES (CONTINUED)

12 Plan investments

	2025	2024
	Shs	Shs
Quoted shares	4,141,030,303	2,874,260,999
Kenya government securities	25,262,859,079	19,615,386,611
Commercial paper and corporate bonds	15,000,000	15,000,000
Guaranteed fund-Kenindia	5,208,443,670	4,650,396,133
Fixed and bank deposits	608,866,201	763,947,052
Offshore investment	496,872,196	279,505,520
Provision for expected credit loss	(1,183,416)	(1,183,416)
	35,731,888,033	28,197,312,899

(a) Investments at fair value

Year ended 31 December 2025

	As previously reported	Purchases at cost	Sale proceeds	Gain / loss on disposal	Change in fair value	Maturities & impairment	'Value at 31/12/2025
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Quoted shares	2,874,260,999	71,910,070	321,715,632	72,011,773	1,444,563,093		4,141,030,303
Kenya government securities	19,615,386,610	6,172,051,413	1,776,950,013	18,907,880	1,233,463,189	-	25,262,859,078
Commercial paper and corporate bonds	15,000,000	-	-	-	-		15,000,000
Guaranteed fund-Kenindia	4,650,396,133	-	-	-	558,047,536		5,208,443,669
Offshore investments	279,505,520	168,012,000	-	-	49,354,676		496,872,196
Totals	27,434,549,262	6,411,973,483	2,098,665,645	90,919,652	3,285,428,494	-	35,124,205,246

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

(b) Year ended 31 December 2025

	Quoted shares		Kenya government securities		Commercial paper and corporate bonds		Value at end of year
	Registered	Unregistered	Registered	Unregistered	Registered	Unregistered	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Value as at start of the year 2025	2,144,816,218	729,444,781	13,077,664,118	6,537,722,493	15,000,000.00	-	22,504,647,610
Purchase cost	-	71,910,070	5,761,615,607	410,435,806	-	-	6,243,961,483
Sale proceeds	(278,623,750)	(43,091,882)	(1,776,950,013)	-	-	-	(2,098,665,645)
Gain/(Loss) on disposal	64,312,302	7,699,470	18,907,880	-	-	-	90,919,652
Impairment of real people bond	-	-	-	-	-	-	-
Change in fair value	1,067,130,514	377,432,579	822,805,963	410,657,226	-	-	2,678,026,282
Maturities	-	-	-	-	-	-	-
Value at the end of year	2,997,635,285	1,143,395,018	17,904,043,555	7,358,815,525	15,000,000	-	29,418,889,382

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

NOTES (CONTINUED)

(c) Investments at fair value

Year ended 31 December 2024

	Value at 01/01/2024 Shs	Purchases at cost Shs	Sale proceeds Shs	Gain / loss on disposal Shs	Change in fair value Shs	Maturities & impairment Shs	'Value at 31/12/2024 Shs
Quoted shares	2,052,016,397	16,472,898	(81,666,298)	(31,456,674)	918894675.7	-	2,874,260,999
Kenya government securities	13,838,129,100	4,717,246,425	(937,411,995)	57,782,622	2,025,993,240	(86,352,782)	19,615,386,610
Commercial paper and corporate bonds	15,000,000	-	-	-	-	-	15,000,000
Guaranteed fund-Kenindia	3,422,448,275	820,044,743	-	-	407,903,115	-	4,650,396,133
Offshore investments	-	275,000,000	-	-	4,505,520	-	279,505,520
Totals	19,327,593,772	5,828,764,065	(1,019,078,292)	26,325,948	3,357,296,551	(86,352,782)	27,434,549,262

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

Year ended 31 December 2024

	Quoted shares		Kenya government securities		Commercial paper and corporate bonds		Value at end of year Shs
	Registered Shs	Unregistered Shs	Registered Shs	Unregistered Shs	Registered Shs	Unregistered Shs	
Value as at start of the year 2024	1,441,314,202	610,702,195	9,352,414,426	4,485,714,674	15,000,000	-	15,905,145,496
Purchase cost	-	16,472,898	2,998,611,060	1,718,635,366	-	-	4,733,719,324
Sale proceeds	-	(81,666,298)	(633,116,085)	(304,295,910)	-	-	(1,019,078,292)
Gain/(Loss) on disposal	-	(31,456,674)	57,426,113	356,509	-	-	26,325,948
Change in fair value	703,502,017	215,392,660	1,388,681,386	637,311,854	-	-	2,944,887,917
Maturities	-	-	(86,352,782)	-	-	-	(86,352,782)
Value at the end of year	2,144,816,218	729,444,781	13,077,664,118	6,537,722,493	15,000,000	-	22,504,647,610

The categorisation of assets carried at fair value by the levels defined in Note 1(a) is as follows:

	Level 1 Shs	Level 2 Shs	Level 3 Shs	Total Shs
At 31st December 2025				
Quoted shares in Kenya	4,141,030,303	-	-	-
Quoted investments offshore	496,872,196	-	-	-
Government bonds and bills	25,262,859,078	-	-	-
Corporate bonds	15,000,000	-	-	-
Total	29,915,761,577	-	-	-
At 31st December 2024				
Quoted shares in Kenya	2,874,260,999	-	-	2,874,260,999
Quoted investments offshore	279,505,520	-	-	279,505,520
Government bonds and bills	19,615,386,611	-	-	19,615,386,611
Corporate bonds	15,000,000	-	-	15,000,000
Total	22,784,153,130	-	-	22,784,153,130

NOTES TO THE FINANCIAL STATEMENTS (Investments cont'd)

12 Plan investment (continued)

There were no transfers between level 1 and 2 during the year

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Scheme is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise, primarily, NSE equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. 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

Specific valuation techniques used to value financial instruments include;

i) Quoted market prices or dealer quotes for similar instruments

ii) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves

iii) The fair value of foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value

There were no level 3 assets

13 Equipment

Cost	Computer & Furniture fittings Accessories & equipments		Total
	Shs	Shs	Shs
At start of year	3,444,808	10,233,833	13,678,641
Additions	313,200	1,226,997	1,540,197
At end of year	3,758,008	11,460,830	15,218,838
Depreciation			
At start of year	1,773,306	1,240,476	3,013,782
Charge for the year	488,595	2,446,473	2,935,069
At end of year	2,261,901	3,686,949	5,948,850
Net book value as at 31 December 2025	1,496,107	7,773,881	9,269,988
Cost	Computer & Furniture fittings Accessories & equipments		Total
	Shs	Shs	Shs
At start of year	3,444,808	468,804	3,913,612
Additions	-	9,765,029	9,765,029
At end of year	3,444,808	10,233,833	13,678,641
Depreciation			
At start of year	1,323,153	281,283	1,604,436
Charge for the year	450,153	959,193	1,409,346
At end of year	1,773,306	1,240,476	3,013,782
Net book value as at 31 December 2024	1,671,502	8,993,357	10,664,859

FOR THE YEAR ENDED 31 DECEMBER 2024

	2025	2024
	Shs	Shs
14 Intangible assets		
ERP software		
At start of year	14,596,988	13,757,985
Additions	2,200,000	839,003
At end of year	<u>16,796,988</u>	<u>14,596,988</u>
Amortisation		
At start of year	1,459,699	-
Charge for the year	1,476,576	1,459,699
At end of year	<u>2,936,274</u>	<u>1,459,699</u>
Net book value as at 31 December 2025	<u>13,860,714</u>	<u>13,137,289</u>
15 Receivable and accrued income		
Call deposits interest receivable	224,758	-
Fixed deposits interest receivable	789,701	-
Receivable from DB(KPAPS)	467,155	441,805
Contribution receivable	186,983,089	73,334,965
Dividend receivable	4,886,935	5,914,268
Staff debtors	441,000	-
Prepayments	950,456	-
Deposits	10,849,673	-
Total other payables and accrued expenses	<u>205,592,768</u>	<u>79,691,038</u>
16 Cash & cash equivalents		
Cooperative Bank a/c 40000(GenAfrica)	-	116,884,789
Cooperative Bank a/c 40001(ILAM)	-	9,981,026
Stanbic Bank a/c 0100002781179	121,468,790	86,761,809
Cooperative Bank USD UNREG	-	-
KCB ILAM 1084B	212,745	-
KCB ILAM(USD)	9,191	-
KCB African Alliance 1084C	909,328	-
KCB GenAfrica 1084A	961,648	-
Total Cash & cash equivalents	<u>123,561,701</u>	<u>213,627,624</u>
17 Payables and accrued expenses		
Accrued expenses	43,203,444	27,485,115
Due to DB(KPAPS)	-	10,254,065
Staff gratuity earned	21,006,504	15,722,160
RBA levy payable	5,000,000	5,000,000
Benefits payable	24,501,242	10,631,651
Death benefits payable	11,708,015	8,911,201
Total Payables and accrued expenses	<u>105,419,206</u>	<u>78,004,192</u>
18 Tax payable		
Current tax payable (Note 10)	-	2,640,614
	<u>-</u>	<u>2,640,614</u>
19 Member balances		
At the start of the year		
Members	27,546,451,903	22,279,650,754
Income to be allocated (see the report of the Trustees)	5,133,278,066	3,736,483,804
Net dealings with members	1,184,786,947	1,530,317,345
	<u>33,864,516,916</u>	<u>27,546,451,903</u>
Allocation		
Members	33,852,361,698	27,543,943,193
Child Trust Fund	12,155,218	2,508,710
	<u>33,864,516,916</u>	<u>27,546,451,903</u>
20 Revaluation reserve		
Unrealised gain/losses on treasury bonds at start of the year	889,977,614	(1,136,015,626)
Unrealised gain on treasury bonds during the year	1,224,043,457	2,025,993,240
	<u>2,114,021,072</u>	<u>889,977,614</u>

NOTES TO THE FINANCIAL STATEMENTS (Investments cont'd)

21 Related party transactions

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

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

	2025	2024
	Shs	Shs
Receivable from DB(KPAPS)	467,155	441,805
Due to DB (KPAPS)	14,017,913	10,254,065
22 Cash & cash equivalents		
Cash at bank	123,561,701	213,627,624
Deposits	608,866,201	763,947,052
	<u>732,427,902</u>	<u>977,574,676</u>

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and fixed and term deposits held with banks maturing within 3 months from the date of acquisition.

23 Contingent liabilities

The Scheme is a party to an ongoing legal dispute arising from a terminated fencing contract on Kikambala land. During the year, the High Court issued adverse orders requiring the Scheme to deposit Kshs 10,849,673 in Court. The Scheme has complied and has filed an appeal at the Court of Appeal. Based on legal advice, the outcome of the matter remains uncertain as the appeal is pending. Accordingly, no provision has been recognized in the financial statements. The deposit has been recognized as a recoverable amount and the matter is disclosed as a contingent liability. The Scheme will continue to monitor the case and will recognize a provision if an outflow of economic resources becomes probable.

24 Presentation currency

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

25 Events after accounting period

The Trustees are not aware of any matters arising since the end of the financial year that would materially affect the operations of the Scheme.