


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**



**UNIVERSITY OF NAIROBI PENSION  
SCHEME 2007**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
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# UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30.06.2024

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 JUNE 2024

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## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### TRUSTEES AND PROFESSIONAL ADVISORS FOR THE YEAR ENDED 30 JUNE 2024

#### KEY SCHEME INFORMATION

##### TRUSTEES

Prof. Caren B. Angima	Chairman, Board of Trustees
Prof. Stephen G. Kiama	Sponsor Appointed Trustee
Dr. Parmain Narikae	Sponsor Appointed Trustee (Joined June 2023)
Ms. Caren Omwenga	Sponsor Appointed Trustee (Joined June 2023)
Mr. Ahmed Abdullahi	Sponsor Appointed Trustee (Joined June 2023)
Prof. Joseph Mwaniki	Member elected Trustee for Academic Staff (joined April 2024)
Ms. Sylvia Obulinji	Member elected Trustee for Non-Academic Staff (Joined April 2024)
Mr. Francis Kivindu	Member elected Trustee for Non-Academic Staff (Joined April 2024)
Prof. George Gitau	Member elected Trustee for Academic Staff (until March 2024)
Mr. Meshack Juma	Member elected Trustee for Non- Academic Staff (until March 2024)
Ms. Hannah Mukua	Member elected Trustee for Non- Academic Staff (until March 2024)

##### ADMINISTRATOR

Mrs. Theresia Alyela	Internal Scheme Administrator P.O.Box 30197-00100 Nairobi
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##### INVESTMENT MANAGER(S) /APPROVED ISSUER

Old Mutual Investment Group	P.O.Box 30059-00200, Nairobi
Genafrica Asset Managers	P.O.Box 79217-00200, Nairobi

##### CUSTODIAN

Standard Chartered Bank of Kenya	P.O.Box 40984-00100, Nairobi
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##### AUDITOR

Office of the Auditor General	P.O.Box 30084-00100, Nairobi
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##### LEGAL ADVISORS

Kaplan & Stratton Advocates	P.O.Box 40111-00100, Nairobi
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##### REGISTERED OFFICE



The address of the registered office is:

Unipen Apartments, 3<sup>rd</sup> Floor  
Hurlingham Shopping Centre  
P.O.Box 30197-00100, Nairobi

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024

The Trustees present their annual report together with the audited financial statements for the year ended 30 JUNE 2024.

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

The Scheme was established under an irrevocable Trust Deed dated 13/06/2007 as a Defined Contribution Scheme to provide retirement benefits for the permanent and pensionable staff of University of Nairobi Pension Scheme 2007 under the rules of the Scheme.

The Scheme is an active Scheme.

The Scheme is registered with the Retirement Benefits Authority Ref No. RBA/SC/01722 and Certificate No. 01097 and is a tax exempt 92291B/2892 approved Scheme under the Income Tax Act.

### PRINCIPAL ACTIVITY

The main purpose of the Scheme is the provision of retirement benefits and other ancillary benefits to members upon their retirement at a specified age and relief for the dependents of deceased members as defined in the Trust Deed and Rules.

### CONTRIBUTIONS

Contributions represent remittances to the scheme by University of Nairobi and eligible employees who are members of the scheme. The employees contribute- 10% and employer contributes 20 % of the basic salary.

### MEMBERSHIP

The scheme membership movement in the financial year is as follows:

	Active	Deferred	Trust Fund	Total Current Year	Total previous year
At the start of the year	2,752	163	72	2987	3,044
Joiners	36	13	12	62	154
Less: Leavers	(150)	(1)	(1)	(152)	(211)
At the end of the year	2,638	175	83	2,897	2,987

# UNIVERSITY OF NAIROBI PENSION SCHEME 2007

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2024

### FINANCIAL REVIEW

The statement of changes in net assets available for benefits on page 16 shows an increase in the net assets of the Scheme for the year of Kshs. 1,426,779,000 {2023: Kshs. (195,492,000)} and the statement of net assets available for benefits on page 17 shows the Scheme's net assets as Kshs 22,267,615,000 {2023: Kshs 20,840,836,000}.

The Scheme earned an average gross rate of return of 13.44% market value and 13.52% amortized value for the year ended 30 JUNE 2024.

### INVESTMENT OF FUNDS AND INVESTMENT STRATEGY

Under the terms of appointment, Old Mutual Investment Group and GenAfrica Asset Managers are responsible for the investment of funds. The overall responsibility for investment and performance lies with the Trustees.

Trustees are responsible for determining the scheme's Investment Strategy and have prepared the Investment Policy Statement dated 1 July 2022.

The principal objective of the Fund Investment Policy is to ensure the solvency of the Scheme over time and meet its benefits obligations as required. The total return objective is to achieve capital appreciation and investment income. The capital appreciation is to ensure the Fund's value is inflation protected.

We confirm that there was no self-investment, nor have any scheme assets been used as security or collateral on behalf of the employer or any connected business or individual.

The Scheme investments for the year ended 30.06.2024 were done in accordance with the broad investment guidelines issued by Retirement Benefits Authority (RBA) as shown here below:

	ASSET CLASS	AMOUNT (KSHS)	% OF PORTFOLIO	RBA MAX. LIMITS
1	Cash and Demand Deposits	110,000,000	1%	5%
2	Fixed Deposits	1,023,000,000	7%	30%
3	Listed Corporate Bonds,	4,833,185	0.03%	20%
4	East African Government Securities and infrastructure bonds issued by public institutions and Exchange Traded Funds	9,180,386,610	59%	90%
5	Preference shares and ordinary shares of companies quoted in a stock exchange in East Africa	2,942,996,634	19%	70%



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ASSET CLASS		AMOUNT (KSHS)	% OF PORTFOLIO	RBA MAX. LIMITS
6	Unlisted shares and equity instruments of companies incorporated in Kenya	20,664,000	0.1%	5%
7	Offshore investments	586,725,143	4%	15%
8	Immovable property in Kenya, Property Funds Unit Trust Schemes and Collective Investment Schemes approved by Capital Market Authority	1,775,000,000	11%	30%
<b>TOTAL PORTFOLIO VALUE</b>		<b>15,643,605,572</b>	<b>100%</b>	<b>100%</b>

There were no breaches during the year.

### TRUSTEES

Trustees are appointed in accordance with the Retirement Benefits Act. The names of the Trustees who served during the year and subsequent period to the date of this report are shown under the key Scheme information.

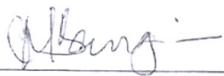
### AUDITOR

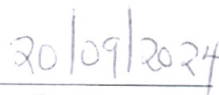
Office of the Auditor General, have expressed their willingness to continue in office. The Trustees monitor the effectiveness, objectivity, and independence of the auditor. They also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

### SIGNED ON BEHALF OF THE TRUSTEES

The Trustees' report was approved by the Trustees on 1<sup>st</sup> August 2024 and signed on their behalf by: -

### FOR THE TRUSTEES

  
 \_\_\_\_\_  
 PROF. CAREN B. ANGIMA

  
 \_\_\_\_\_  
 DATE

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2024

Section 34 of the Retirement Benefits Act requires the Trustees to prepare financial statements in respect of their scheme, which give a true and fair view of the state of affairs of the scheme at the end of the financial year and the operating results of the scheme for that year. It also requires the Trustees to

- a) Ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the Scheme;
- b) Safeguard the assets of the Scheme.

The Trustees are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended on 30 JUNE 2024. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

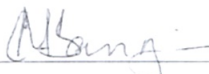
The Trustees responsibility for the *Scheme's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement Benefits Act, 1997.

The Trustees are of the opinion that the *Scheme's* financial statements give a true and fair view of the state of *Scheme's* transactions during the financial year ended 30 JUNE 2024, and of the *Scheme's* financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the *Scheme*, which have been relied upon in the preparation of the *Scheme's* financial statements as well as the adequacy of the systems of internal financial control.

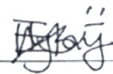
Nothing has come to the attention of the Trustees to indicate that the *Scheme* will not remain a going concern for at least the next twelve months from the date of this statement.

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities

The Scheme's financial statements were approved by the Board of Trustees on 29<sup>th</sup> July 2024 and signed on its behalf by: -

Signature:  \_\_\_\_\_

Name: Prof. Caren B. Angima  
Designation: Chairman, Board of Trustees

Signature:  \_\_\_\_\_

Name: Prof. Joseph Ivivi Mwaniki  
Designation: Trustee

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### SCHEME GOVERNANCE DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2024

1. Trustees in office.

Name of Trustee	Age	Category (Member elected/Sponsor Nominated /Professional)	No. of meetings attended	Certified (Yes/No)	Highest Qualification	Membership of other boards (Provide Organization's name)
Prof. Caren Angima	Above 35 yrs	Member Elected	7	Yes	PhD	NO
Prof. Stephen Kiama	Above 35 yrs	Sponsor nominated	7	No	PhD	YES, UNES
Dr. Parmain Narikae	Above 35 yrs	Sponsor nominated	6	Yes	PhD	YES, UNES
Ms. Caren Omwenga	Above 35 yrs	Sponsor nominated	7	Yes	Masters	YES, UNES
Mr. Ahmed Abdullahi	Above 35 yrs	Sponsor nominated	7	Yes	Masters	YES, UNES
Prof. Joseph Mwaniki	Above 35 yrs	Member Elected	1	Yes	PhD	NO
Ms. Sylvia Obulinji	Above 35 yrs	Member Elected	1	Yes	Masters	NO
Mr. Francis Kivindu	Above 35 yrs	Member Elected	1	Yes	Masters	NO

2. The Board of Trustees held seven (7) meetings during the year ending 30.06.2024

The meetings were held on the dates set out hereunder:

- a) 09.08.2023
- b) 23.08.2023
- c) 08.11.2023
- d) 28.11.2023
- e) 07.02.2024
- f) 10.04.2024
- g) 15.05.2024

3. The composition of the board of Trustees is as hereunder:

- a) Gender balance:  
 Female .....37.5%  
 Male .....62.5%
- b) Skills mix: Number of Trustees with financial skills: Two (2)
- c) Age mix:  
 Number of Trustees who are younger than 35 years: NONE  
 Number of Trustees who are older than 35 years: Eight (8)

4. Committees of the board



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

Committee	Members	No. of meetings attended	Allowances paid (Kshs.)	Any external allowances paid to advisors, invitees to meetings? (Yes/No). If yes, mention the purpose	Allowances paid to advisors, invitees (Kshs.)
Finance and Investment Committee	• Prof. Kiama	4	79,700	-	-
	• Prof. Angima	4	59,775	-	-
	• Dr. Parmain	2	30,000	-	-
	• Ms. Omwenga	2	29,775	-	-
	• Mr. Ahmed	1	14,775	-	-
	• Prof. Mwaniki	1	15,000	-	-
	• Mr. Kivindu	1	15,000	-	-
	• Ms. Obulinji	1	15,000	-	-
	• Mr. Juma	3	44,775	-	-
	Service Providers	4	N/A	To give quarterly reports	No allowance paid
Audit and Risk Management committee	• Prof. Angima	4	79,700	-	-
	• Ms. Omwenga	3	44,775	-	-
	• Dr. Parmain	2	29,775	-	-
	• Mr. Ahmed	2	29,775	-	-
	• Prof. Mwaniki	1	15,000	-	-
	• Mr. Kivindu	1	15,000	-	-
	• Ms. Obulinji	1	15,000	-	-
	• Ms. Mukua	3	44,775	-	-
		• Outsourced Internal Auditor	4	N/A	No allowance paid
Administration and Communication committee	• Prof. Kiama	6	76,525	-	-
	• Dr. Parmain	2	35,000	-	-
	• Mr. Ahmed	3	74,775	-	-
	• Ms. Omwenga	1	14,775	-	-
	• Mr. Kivindu	1	15,000	-	-
	• Prof. Mwaniki	1	15,000	-	-
	• Ms. Obulinji	1	15,000	-	-
	• Ms. Mukua	4	92,700	-	-
	• Mr. Juma		74,775	-	-
Others	• Dr. Parmain	1	20,000	-	-
	• Mr. Ahmed	1	20,000		
	• Ms. Omwenga	1	20,000		
	• Mr. Juma	6	63,499		
	• Ms. Mukua	6	74,374	-	-
	• Prof. Angima	1	20,000	-	-

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

	• Prof. Gitau	1	36,571	-	-
Full Board of Trustees	• Prof. Angima	7	173,142	-	-
	• Prof. Kiama	7	140,000	-	-
	• Dr. Parmain	6	120,000	-	-
	• Ms. Omwenga	7	140,000	-	-
	• Mr. Ahmed	7	140,000	-	-
	• Prof. Mwaniki	1	20,000	-	-
	• Ms. Obulinji	1	20,000	-	-
	• Mr. Kivindu	1	20,000	-	-
	• Prof. Gitau	5	182,855	-	-
	• Mr. Juma	5	100,000	-	-
	• Ms. Mukua	5	100,000	-	-
	Service Providers	N/A	N/A	To give quarterly reports	No allowance paid
	Consultancies			Consultants	
<b>TOTAL</b>			<b>2,406,841.60</b>		

### 5. Fiduciary responsibility statement

The Board of Trustees is the governing body of the University of Nairobi Pension Scheme 2007 and is responsible for the corporate governance of the scheme.

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

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

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

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

The Scheme has a Board Charter in place.

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### 6. Implementation of the Good Governance Guidelines Policies

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

POLICY	DATE DEVELOPED/REVIEWED	DATE RATIFIED	REMARKS
Code of Conduct	June 2020	30.06.2020	
Election Policy	June 2020	30.06.2020	
Remuneration Policy	Adopted by members in AGM held in November 2023		Approved by RBA
Communication Policy	July 2020	10.08.2020	
Risk Management Policy	Feb 2020	30.06.2020	
Conflict of Interest Policy	June 2020	30.06.2020	
ICT Policy	Feb 2020	30.06.2020	
HR Policy	Nov 2020	29.06.2023	Revised in June 2023

### 7. Responsible corporate citizenship

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

### 8. Key outcomes

The Board of Trustees seeks to achieve the following:

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

The Board of Trustees measures the progress towards these outcomes through Quarterly reports and feedback to the sponsor. Reports are sent to the Council every quarter. No member survey was carried out during the year.

### 9. Annual General Meeting (AGM)

The Board of Trustees held the annual general meeting on the 30.11.2023, at which 382 members attended, making up 13% of scheme members. The board adequately addressed the members' concerns.



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### 10. Members' sensitization

The board conducted the following sensitization activities (Insert name of sensitization forum, examples below):	Date held	No. of members who attended	Remarks
Hybrid Annual General Meeting	30.11.2023	382 members	The feedback received reflected that members were satisfied
Virtual Members' education day	10 <sup>th</sup> June 2024	228 members	This was done virtually and all attendees were satisfied with the presentation and the shared documents.

During the sensitization forums, members were educated on financial planning and nurturing healthy money relationships.

### 11. Trustees remuneration policy

During the year under review, the Trustees were paid a gross sum of Kshs. 2,406,841.60 which was approved by members at the annual general meeting held on the 30.11.2023. The payments complied with the scheme's Trustees remuneration policy.

### 12. Board of Trustees evaluation

The board and individual Trustees did not undertake board evaluation in the year under review.

Signed.....  .....

PROF. CAREN B. ANGIMA  
CHAIRMAN, BOARD OF TRUSTEES  
Dated ..... 20/09/2024 .....

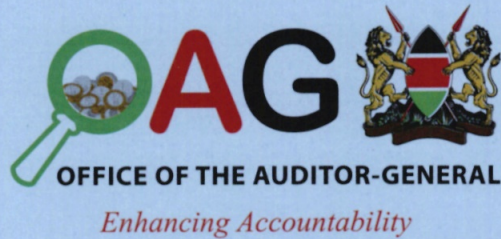
**UNIVERSITY OF NAIROBI PENSION SCHEME 2007**

**REPORT OF THE AUDITOR -GENERAL TO TRUSTEES OF UNIVERSITY OF  
NAIROBI PENSION SCHEME 2007 FOR THE YEAR ENDED 30 JUNE 2024**



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI PENSION SCHEME 2007 FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A qualified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of University of Nairobi Pension Scheme 2007 set out on pages 16 to 39, which comprise of the statement of net assets available for benefits as at 30 June, 2024 and the statement of changes in net assets available for benefits, statement of change in member's fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other



explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the University of Nairobi Pension Scheme 2007 as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000, and the Retirement Benefits Act, 1997 (Revised 2020).

## **Basis for Qualified Opinion**

### **1. Unremitted Long Outstanding Pension Contributions**

The statement of net assets available for benefits reflects contributions receivables balance of Kshs.7,223,501,000 as disclosed in Note 18 to the financial statements, which relates to outstanding contributions owed by the Scheme sponsor. As reported in the previous years, the contributions owed date back to November, 2016. The outstanding contributions increased by Kshs.1,062,629,000 from the previous year's balance of Kshs.6,160,872,000. Further, review of records indicated that a remedial plan was prepared by the University Council, and approved by the Retirement Benefits Authority (RBA) on 8 October, 2019. The remedial plan required the University to remit contributions totalling Kshs.50,000,000 per month so as to clear the outstanding arrears by 30 September, 2025.

In addition, on 14 May, 2020, the University requested RBA to suspend the monthly payments due to the closure of all learning institutions caused by outbreak of the Covid-19 pandemic. RBA requested the University to prepare a feasible remedial plan. However, as at the time of audit in September, 2024, the University had not remitted the targeted amount to the Scheme and did not provide any revised plan for settling the long overdue employer contributions to the Scheme. It was also noted that the valuation of contributions receivable from the sponsor has also not been done in accordance with the International Financial Reporting Standards (IFRS) 9 as no provision for Expected Credit Loss (ECL) has been made.

In the circumstances, it was not possible to confirm the regularity and valuation of the long outstanding contributions of Kshs.7,223,501,000 from the University of Nairobi.

### **2. Long Outstanding Rent Arrears**

The statement of net assets available for benefits reflects other receivables and accrued income balance of Kshs.194,754,000 as disclosed in Note 19 to the financial statements. Included in the income are amounts of Kshs.111,307,000 and Kshs.4,975,000 in respect of rent arrears from Ambank House and Unipen Apartments respectively. However, review of the debtors ageing analysis revealed that Kshs.87,875,397 from Ambank House and Kshs.2,960,939 from Unipen Apartments have been outstanding for more than one hundred and twenty (120) days.



In the circumstances, the accuracy, completeness and recoverability of other receivables and accrued income balance of Kshs.194,754,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the University of Nairobi Pension Scheme 2007 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the reporting format prescribed by the Public Sector Accounting Standards Board.

### **Other Information**

#### **Conclusion**

The Board of Trustees is responsible for the other information set out on page 1 to 10 which comprise of Key Scheme Information, Report of the Trustees, Statement of Trustees Responsibility and Scheme of Governance Disclosure. The Other Information does not include the financial statements and my audit report thereon.

#### **Basis for Conclusion**

In connection with my audit on the University of Nairobi Pension Scheme 2007 financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.



## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Intangible Assets - Delayed in Installation of a Pension Administrative Software**

As previously reported, the Scheme entered into an agreement with a local contractor for the supply, delivery, installation, implementation, user training, support and commissioning of the Pension Administration Enterprise Resource Planning System at a contract sum of Kshs.13,359,789 on 17 October, 2022. The implementation duration was to be for a period of six (6) months upon signing of the contract. However, the project status reports, follow up and inspection minutes and the contract agreement were not provided for audit verification. In addition, the Scheme had in 2018 entered into a similar contract where Kshs.7,162,000 had been paid to a contractor for provision of a software which was not implemented. Available information indicates that the contract has since been terminated by the Scheme and the contractor has sought out of Court settlement.

In the circumstances, it was not possible to determine whether the Scheme received value for money on the expenditure of Kshs.7,162,000 incurred on the terminated contract and Kshs.13,359,789 incurred on the procurement of the pension software under the new contract.

#### **2. Unquoted Shares**

The statement of net assets available for benefits reflects unquoted shares of Kshs.20,664,000 as disclosed in Note 17 to the financial statements. However, no movement in terms of gain or loss has been registered from the year 2021/2022 to date.

In the circumstances, the Scheme may not get value for money for the unquoted shares.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on



Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of a Bad Debts Policy**

The statement of net assets available for benefits and as disclosed in Note 19 to the financial statements reflects other receivables and accrued income of Kshs.194,754,000 which further includes Kshs.21,604,000 and Kshs.1,182,000, which represents bad debts provision for Ambank House and Unipen Apartments respectively. The current provisions were passed by the Trustees in August, 2022, without back up of any particular policy and has not been updated.

Further, Note 21 to the financial statements reflects other deposits with the Imperial Bank, Kenya Finance Bank and Chase Bank amounting to Kshs.30,835,000, Kshs.43,412,000 and Kshs.15,000,000 respectively which have been fully provided and written off as bad debts resulting to a Nil balance as at 30 June, 2024. These institutions have since been liquidated. The Management has not put in place a bad debt management policy to guide on provision for bad debts. In addition, the Scheme has not taken an indemnity cover for both the Scheme Managers and the Board of Trustees for protection of the managers of the Trust Fund in case that the actions they take while in the course of their duties results in losses to the Scheme.

In the absence of an indemnity cover described above, it was not possible to confirm the effectiveness of internal controls on debt management.

### **2. Failure to Formulate and Implement Internal Control Systems**

As previously reported, the Scheme did not have its own internal audit function to oversight the operations of the Pension Scheme during the year. In addition, the Scheme did not have an Information Technology (IT) Department which was necessary for implementation of crucial systems to manage members data on contributions, investments, incomes, benefit payments and expenses.

Further, it was established that the Scheme had outsourced the Internal Audit, Procurement and ICT functions.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Trustees**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material



misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is 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 Management is aware of the intention to liquidate the Pension Scheme or to cease its operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions, and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Trustees is responsible for overseeing the Pension Scheme's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

14 October, 2024



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 30 JUNE 2024

	Note	30.06.2024	30.06.2023
		Kshs'000'	Kshs'000'
<b>Contributions &amp; benefits</b>			
Contributions	4	1,209,620	1,214,254
Transfers in from other schemes	5(a)	401	86
Transfers out to other schemes	5(b)	(4,294)	(37,219)
Benefits paid	6	(1,625,764)	(1,968,269)
<b>A) .Net additions/(withdrawals) from dealings with members</b>		<b>(420,036)</b>	<b>(791,148)</b>
<b>Returns on Investments</b>			
Investment income	7	1,569,026	1,621,973
Gains on disposal of investments	8	-	24,819
Change in fair value of investments	9	242,405	(745,347)
Less: Investment management expenses	10	(38,101)	(44,040)
<b>B). Gross return on investments</b>		<b>1,773,330</b>	<b>857,405</b>
<b>Other Incomes</b>			
Interest on contributions receivables	11	288,475	(85,131)
Other Income	12	711	-
<b>C). Total Other Incomes</b>		<b>289,186</b>	<b>(85,131)</b>
<b>Expenditures</b>			
Administrative expenses	13	(35,941)	(39,750)
Tax expense on the non- exempt fund	14	(128,045)	(136,397)
Depreciation - Property , Plant and Equipment	15	(335)	(471)
<b>D). Total Expenditures</b>		<b>(164,321)</b>	<b>(176,618)</b>
<b>E). Net return on investments (B+C-D)</b>		<b>1,898,195</b>	<b>595,656</b>
<b>Increase in net assets for the year (A+E)</b>		<b>1,478,159</b>	<b>(195,492)</b>
Net assets available for benefits at the start of the year		20,840,836	21,036,328
Net assets available for benefits at the end of the year		22,318,995	20,840,836

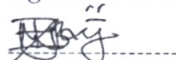
## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT YEAR END 30 JUNE 2024

	Note	30.06.24 Kshs'000'	30.06.23 Kshs'000'
<b>Non- Current Assets</b>			
Equipment (PPE)	15	1,843	2,489
Intangible Assets	16	13,360	13,360
		<b>15,203</b>	<b>15,849</b>
<b>Investments</b>			
Immovable property		1,775,000	1,710,000
Quoted Shares		2,942,995	3,363,474
Unquoted Shares	17	20,664	20,664
Treasury Bonds		9,166,470	8,719,979
Treasury Bills		12,949	-
Corporate Bonds		4,730	4,730
Offshore Investments		586,726	482,333
Fixed and time deposits		1,133,000	999,450
<b>Total Investments</b>		<b>15,642,534</b>	<b>15,300,630</b>
<b>Current assets</b>			
Contributions receivables	18	7,223,501	6,160,872
Other receivables and accrued income	19	194,754	194,831
Cash at bank & hand	20	36,960	(131,095)
<b>Total current assets</b>		<b>7,455,215</b>	<b>6,224,608</b>
<b>Less: Current Liabilities</b>			
Other deposits	21		-
Benefits Payable	22	(557,478)	(445,890)
Death in service Trust Fund	23	(143,059)	(98,990)
Death Fund Reserve Account	24	(17,434)	(85,026)
Other payables and accrued expenses	25	(75,986)	(70,345)
<b>Total current liabilities</b>		<b>(793,957)</b>	<b>(700,251)</b>
<b>Net current assets/liabilities</b>		<b>6,661,258</b>	<b>5,524,357</b>
<b>Net assets available for benefits</b>		<b>22,318,995</b>	<b>20,840,836</b>

The financial statements on pages 16 to 39 were approved for issue in a Board of Trustees meeting held on 29th July 2024 and signed on its behalf by; -

  
 \_\_\_\_\_  
 PROF. CAREN B. ANGIMA  
 CHAIRMAN, BOARD OF TRUSTEES

  
 \_\_\_\_\_  
 PROF. JOSEPH IVIVI MWANIKI  
 TRUSTEE

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### STATEMENT OF CHANGE IN MEMBER'S FUND

	30.06.2024	30.06.2023
	Kshs."000"	Kshs."000"
<b>Opening balance as at</b>	<b>20,840,836</b>	<b>21,036,328</b>
Net (withdrawals) from dealings with members	(416,144)	(754,015)
Net return on investments	1,898,195	595,656
Transfers in	401	86
Transfers out	(4,294)	(37,219)
<b>Closing balance</b>	<b>22,318,995</b>	<b>20,840,836</b>



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30.06.2024

	30.06.24	30.06.23
	Kshs."000"	Kshs."000"
<b>Cash flows from operating activities: -</b>		
Contributions received	435,466	501,737
Transfers in from other schemes	401	86
Transfer out	(4,294)	(37,219)
Other income	711	-
Benefits Paid	(1,423,984)	(2,056,838)
Trust fund death benefits paid	(38,497)	(44,375)
Administrative expenses	(38,864)	(32,386)
Interest paid to members	(75,218)	-
Tax paid in the year	(116,249)	(138,296)
<b>Net cash from operations of the fund</b>	<b>(1,260,528)</b>	<b>(1,807,291)</b>
<b>Cash flows from investing activities: -</b>		
Investment income received	1,567,579	1,682,552
Investment management expenses paid	(39,495)	(42,215)
Purchase of quoted shares	-	(93,617)
Purchase of Treasury Bonds	(941,922)	(259,470)
Purchase of treasury bills	(12,949)	(7,790)
Purchase of offshore investments	(68,286)	(91,086)
Sale of quoted equities	584,756	159,317
Sale/maturity of treasury bonds	472,450	744,276
Sale of Treasury Bills	-	71,890
Purchase of corporate bond	-	-
Sale of Corporate bond	-	4,000
Purchase of Property, Plant and Equipment	-	(919)
Purchase of Intangible Asset	-	(2,672)
<b>Net Cash used in investing activities</b>	<b>1,562,133</b>	<b>2,164,264</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>301,605</b>	<b>356,975</b>
<b>Movement in cash and cash equivalents</b>		
Cash and cash equivalents at the start of the year	868,355	511,380
Increase/(decrease) in cash and cash equivalents	301,605	356,975
<b>Cash and cash equivalents at the end of the year</b>	<b>1,169,960</b>	<b>868,355</b>

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### a) Basis of preparation of financial statements

The financial statements are presented in Kenya Shillings and are prepared under the historical cost basis except where revaluation has been done and certain investments that have been measured at fair value as disclosed.

##### b) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Kenyan Retirement Benefits Act 1997. 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 account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year.

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

###### *(i) New and amended standards and interpretations effective for the period*

No new standards effective for the year being reported were issued.

###### *(ii) New and revised standards and interpretations that have been issued but are not yet effective*

The scheme has not applied any new or revised standards and interpretations that have been published but are not yet effective, and the trustees do not plan to apply any of them until they become effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Scheme's financial statements are disclosed below. The Scheme intends to adopt these standards, if applicable, when they become effective.

##### d) Revenue from contracts with customers (IFRS 15)

The Scheme's revenue is generated from rental and license income from investment properties, sale of completed inventory properties, interest, discounts and rebates from government securities, interest on term deposits, interest on corporate bonds and dividends.

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024(continued)

Revenue represents the fair value of consideration received or receivable in the course of the Scheme's activities. It is recognized when it is probable that future economic benefits will flow to the Scheme and the amount of revenue can be measured reliably. It is stated net of value added tax, rebates and trade discounts.

#### **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.

#### **Investment income**

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable unless collectability is in doubt.

#### **Rent income**

Rental income is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.

#### **Other income**

Other income is recognized as it accrues.

#### **e) Benefits payable**

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

#### **f) Property, Plant and equipment (IAS 16: Property, Plant and Equipment)**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment are reviewed for impairment whenever there are any indications of impairment identified.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The impairment loss is recognized in the statement changes in net assets available for benefit for the year.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

derecognition of property and equipment are determined by reference to their carrying amounts.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items and are recognized in profit or loss in the income statement.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and are adjusted prospectively, if appropriate. Depreciation charge is on reducing balance method. The depreciation rates per respective class are as follows:

Computer hardware	30%
Furniture and fittings	10%
Motor Vehicles	25%

#### g) Accounting for leases-(IFRS 16: Leases)

##### Leases under which the scheme is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Scheme recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Scheme is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Scheme's incremental borrowing rate is used. For leases that contain non-lease components, the Scheme allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities.

Depreciation is calculated using the reducing balance method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the Scheme at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

#### Leases under which the Scheme is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in the profit or loss account on a straight-line basis over the lease term.

#### h) Intangible assets (IAS 38 : Intangible Assets)

Intangible assets value is stated at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated to write off the cost in line with the requirements of IAS 38-Intangible assets.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Scheme are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of net assets when the asset is derecognized.

#### **i) Investment Properties (IAS 40: Investment Property)**

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

#### **j) Financial Instruments (IFRS 9: Financial Instruments)**

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

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (continued)

- Specifically: debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

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

#### *Impairment of financial assets*

Specifically, IFRS 9 requires the Scheme to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI (fair value through other comprehensive income).
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

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

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



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### k) Taxation

Incomes generated by segregated funds above the statutory limit of tax-exempt contributions are taxable at the statutory tax rates.

#### l) Foreign currencies

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

#### m) Cash and cash equivalents

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

#### n) Events after the reporting period

There were no events after reporting date 30.06.2024.

#### o) Contingent liabilities and provisions

There were no contingent liabilities as at 30.06.2024

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The trustees also need to exercise judgment in applying the schemes/pension accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis and are based on experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024(continued)

#### Measurement of the expected credit loss allowance (IFRS 9)

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

Several significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- Determining the appropriate business models and assessing the “solely payments of principal and interest (SPPI)” requirements for financial assets.

#### 3. FINANCIAL RISK MANAGEMENT (IFRS 7)

The Fund generates income for the members by investing in various income generating activities which involve trading in the stock exchange, trading in government and other securities and offshore investments. These activities expose the Fund to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Fund’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Trustees together with the investment managers under policies approved by the Trustees. The investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The Trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity. The Fund also follows guidelines issued by the Retirements Benefits Authority in respect of maximum allowed investment in different types of investments.

#### *Foreign exchange risk*

The Fund is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates in relation to offshore investments. The Fund invests internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from investment in offshore investments.



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (continued)

The Fund's currency risk is ranked as low because the Fund has divested from offshore investments.

#### *Price risk*

The Fund is exposed to equity securities price risk because of investments in quoted shares classified at fair value through profit or loss. The Scheme is also exposed to the risk that the value of debt securities will fluctuate due to changes in market value. To manage its price risk arising from investments in equity and debt securities, the Scheme diversifies its portfolio. For equities, the Scheme has invested in companies in different sectors of the economy, while for debt securities, the Scheme has invested in bonds with varying maturities. Diversification of the portfolio is done in accordance with resolutions passed on investments during quarterly Trustees meetings. All quoted shares held by the Scheme are traded on the Nairobi Securities Exchange (NSE), Tanzania Stock exchange (TSE) and Uganda Stock exchange (USE).

As at 30.06.2024, if the price of securities were to appreciate/depreciate by ... % with all other variables held constant, returns from investment for the year would have been

- Choosing the appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.
- Establishing Schemes of similar financial assets for the purposes of measuring ECL;

#### *Interest rate risk*

The Scheme's interest-bearing assets are investments in treasury bonds, corporate bonds, treasury bills, commercial paper and fixed deposits. All of these instruments are at fixed interest rates. The nature of financial instruments held, that is fixed interest instruments, mitigates risk exposure of the Fund. Fluctuations in interest rates will have an insignificant effect on the Scheme's financial performance.

#### *Credit risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme has adopted a policy of only dealing with credit worthy counterparties.

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks, and receivables. As part of the credit risk management system, the Investment Manager and the Trustees monitor and review information on significant investments. The Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record.

## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (continued)

The amount that best represents the Fund's maximum exposure to credit risk is made up as follows:

	Up to 3 Months	4-12 Months	1-5 Years	Over 5 years	Total
30.06.2024	Months	Months	Years	5 years	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
Government securities	-	926,930	2,936,565	5,302,975	9,166,470
Corporate bonds	4,576				4,576
Fixed and term deposits	1,133,000				1,133,000
Bank balance	36,219				36,219
<b>TOTAL</b>	<b>1,173,795</b>	<b>926,930</b>	<b>2,936,565</b>	<b>5,302,975</b>	<b>10,340,265</b>

#### *Impairment of financial assets*

For the purposes of impairment assessment, the corporate bonds, investments Government securities, are considered to have low credit risk as the counterparties to these investments have a minimum BBB- credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. As for the loans to related and other parties, as disclosed in note 2(b), lifetime ECL has been provided for them upon initial application of IFRS 9 until these financial assets are derecognized as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

In determining the expected credit losses for these assets, the trustees have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the redeemable notes, bills of exchange and debentures operate obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.



## UNIVERSITY OF NAIROBI PENSION SCHEME 2007

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations attributable to the financial liabilities. The ultimate responsibility for the liquidity risk management rests with the Board of Trustees, which has established an appropriate liquidity risk management framework for the management of the Scheme's short, medium and long-term funding and liquidity management requirements. The Scheme manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The Scheme is required to make periodic payment in respect of pensions when members retire from the Fund and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Scheme's liquidity on a regular basis and the Trustees review it on a quarterly basis.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (continued)**

4	Contributions received	30.06.2024	30.06.2023
		Kshs'000	Kshs'000
	<b>From Employer:</b>		
	Normal (20%)	802,557	804,855
	<b>From members:</b>		
	Normal (10%)	401,278	402,427
	Additional Voluntary	5,785	6,972
	<b>Total</b>	<b>1,209,620</b>	<b>1,214,254</b>

5	Transfers in and out	30.06.2024	30.06.2023
		Kshs'000	Kshs'000
a)	<b>Transfer in</b>		
	Individual transfers in from other schemes	401	86
	<b>Total</b>	<b>401</b>	<b>86</b>
b)	<b>Transfer out</b>		
	Individual transfers out from other schemes	(4,294)	(37,219)
	<b>Total</b>	<b>(4,294)</b>	<b>(37,219)</b>

6	Benefits Paid	30.06.2024	30.06.2023
		Kshs'000	Kshs'000
	<b>Benefits paid:</b>		
	Commutation and lumpsum retirement	(1,282,302)	(1,814,129)
	Death in service fund credit	(187,269)	(31,496)
	Withdrawals	(66,001)	(49,939)
	Mortgage pay outs	-	(32,481)
		<b>(1,535,572)</b>	<b>(1,928,045)</b>
	Transfer to Death Trust Fund	(14,974)	(55,069)
	Interest on deferred benefits	(75,218)	14,845
		<b>(1,625,764)</b>	<b>(1,968,269)</b>

7	Investment Income	30.06.2024	30.06.2023
		Kshs'000'	Kshs'000'
	Net Rent from Ambank House	71,024	84,817
	Net Rent from Unipen Apartments	14,156	14,749
	Dividends from Quoted Shares	213,557	289,747
	Interest on Treasury Bills	967	2,553
	Interest and discount on Treasury Bonds	1,147,150	1,183,072
	Interest on Corporate Bonds	582	653
	Interest on Fixed and call Deposits	130,763	46,382
	Loss on sale of USD call	(9,173)	
	<b>Total</b>	<b>1,569,026</b>	<b>1,621,973</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

<b>8</b>	<b>Gain/loss on disposal of investments</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Kshs'000'</b>	<b>Kshs'000'</b>
	Gain on disposal of Quoted Shares	-	43,895
	(Loss) on disposal of Government Securities	-	(19,076)
			<b>24,819</b>

<b>9</b>	<b>Change in fair value of investments</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Kshs'000'</b>	<b>Kshs'000'</b>
	Change in fair value of offshore investments	36,107	113,776
	Change in fair value of equities investments	164,279	(384,200)
	Change in fair value of government securities	(22,981)	(474,923)
	Revaluation of property	65,000	
		<b>242,405</b>	<b>(745,347)</b>

<b>10</b>	<b>Investment management expenses</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Kshs'000'</b>	<b>Kshs'000'</b>
	<b>Investment Manager:</b>		
a)	GenAfrica Asset Managers	(13,181)	(16,966)
b)	Old Mutual Investment Group	(12,772)	(13,791)
	<b>Custodian:</b>		
c)	Standard Chartered Bank	(12,148)	(13,283)
		<b>(38,101)</b>	<b>(44,040)</b>

<b>11</b>	<b>Interest on contributions receivables</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Kshs'000'</b>	<b>Kshs'000'</b>
	Interest on outstanding contributions	288,475	(85,131)
		<b>288,475</b>	<b>(85,131)</b>
	<p><i>*Under the Trust Deed and Rules of UNIVERSITY OF NAIROBI PENSION SCHEME 2007, the sponsor is required to settle outstanding contributions at an interest rate of equivalent to the rate of return declared to members in a particular year.</i></p>		

<b>12</b>	<b>Other Income</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
		<b>Kshs'000'</b>	<b>Kshs'000'</b>
	Dividend Kenya Finance Bank	711	-
	Dividend Imperial Bank	-	-
		<b>711</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30  
JUNE 2024 (continued)

13	Administrative expenses	30.06.2024	30.06.2023
		Kshs. '000'	Kshs. '000'
a)	<b>Board of Trustees' expenses:</b>		
	As trustees		
	Sitting allowances	2,407	2,798
	Seminars and training expenses	3,304	1,280
	Indemnity cover	-	1,681
	AGM allowances	183	267
	Meeting expenses	60	129
	Transport/internet bundle allowance	435	618
	Christmas Vouchers		-
	Tablets		610
		6,389	7,383
b)	<b>Staff Costs</b>		
	Salaries & Benefits	15,105	16,813
	Medical	789	13
		15,894	16,826
c)	<b>Other Expenses</b>		
	Audit fees	1,160	1,160
	Actuarial Fees	1,260	1,260
	Legal fees	200	-
	Professional fees	978	1,062
	Advertising	292	-
	Sitting allowances to professional	242	1,303
	RBA levy	5,000	5,000
	Seminars & Training	624	3,500
	Bank charges	185	237
	Stationery	104	97
	AGM expenses	111	121
	Hosting virtual server	1,115	1,107
	Insurance	46	147
	Motor Vehicle running expenses	122	106
	Telephone expenses	76	208
	Office expenses	166	233
	Election expenses	459	-
	Loss on disposal of assets	311	-
	Valuation fees	1,160	-
	Subscription	47	-
		13,658	15,541
	<b>Total Administrative Expenses</b>	<b>35,941</b>	<b>39,750</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

14	Tax expense on the non- exempt fund	30.06.2024	30.06.2023
		Kshs. '000'	Kshs. '000'
a)	<b>Income tax expenses</b>		
	Total investment income	1,622,927	1,539,100
	Income exempt from tax	(1,231,312)	(1,118,613)
	Taxable income	391,615	420,487
	Tax charged @ 30%	117,484	126,146
	Under provision of tax in 2021/2022	-	10,251
	Tax payable in the year	<b>128,045</b>	<b>136,397</b>
b)	<b>Income tax payable</b>		
	Balance brought forward	2,409	4,308
	Taxation payable in the year	128,045	136,397
	Payments during the period	(116,249)	(138,296)
	Balance carried forward	<b>14,205</b>	<b>2,409</b>

**15 Property, Plant and Equipment**

	Motor Vehicle	Furniture and Equipment	Computer and Accessories	Total
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
<b>COST</b>				
As at 01.07.2023	<u>2,608</u>	<u>6,317</u>	<u>5,089</u>	<u>14,014</u>
Disposal	-	(1,206)	(1,495)	(2,701)
As at 30.06.2024	<u>2,608</u>	<u>5,111</u>	<u>3,594</u>	<u>14,014</u>
<b>DEPRECIATION</b>				
As at 01.07.2023	2,460	4,485	4,580	11,525
Disposal		(930)	(1,460)	(2,390)
Charge for the year	37	156	142	335
As at 30.06.2024	<u>2,497</u>	<u>3,711</u>	<u>3,262</u>	<u>9,470</u>
<b>NET BOOK VALUE</b>				
As at 30.06.2024	<u>111</u>	<u>1,400</u>	<u>332</u>	<u>1,843</u>
As at 30.06.2023	<u>148</u>	<u>1,832</u>	<u>509</u>	<u>2,489</u>
<b>2022/2023 COMPARISON</b>				
<b>COST</b>	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
As at 01.07.2022	2,608	5,860	4,627	13,095
Additions				
As at 30.06.2023	<u>2,608</u>	<u>5,860</u>	<u>4,627</u>	<u>13,095</u>
<b>DEPRECIATION</b>				
As at 01.07.2022	2,346	4,105	4,249	10,700
Charge for the year	65	176	113	354
As at 30.06.2023	<u>2,411</u>	<u>4,281</u>	<u>4,362</u>	<u>11,054</u>
<b>NET BOOK VALUE</b>				
As at 30.06.2024	<u>111</u>	<u>1,400</u>	<u>332</u>	<u>1,843</u>
As at 30.06.2023	<u>197</u>	<u>1,579</u>	<u>265</u>	<u>2,041</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024**

16	Intangible Assets	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	<b>Cost</b>		
	Pension Administration Software	13,360	13,360
	<b>Amortization</b>		
	Amortization of Intangible Assets	-	-
	<b>Net Book Value</b>		
	As at 30.06.2024	13,360	13,360

The pension administration software is still under implementation and therefore no amortization for the current year.

**17. INVESTMENTS**

Investments at fair value and amortized cost

Year ended 30 JUNE 2024	Value as at 01.07.2023 Kshs.'000'	Additions at cost Kshs.'000'	Disposal proceeds Kshs.'000'	Gain/Loss on disposal Kshs.'000'	Fair value change Kshs.'000'	Value as at 30.06.2024 Kshs.'000'
Immovable property	1,710,000				65,000	1,775,000
Quoted Shares	3,363,474		(584,756)		164,279	2,942,995
Unquoted Shares	20,664					20,664
Treasury Bonds	8,719,979	941,922	(472,450)		(22,981)	9,166,470
Treasury Bills	-	12,949				12,949
Corporate Bonds	4,730					4,730
Offshore Investments	482,333	68,286			36,107	586,726
	14,301,180					14,509,536
Fixed and time deposits	999,450	133,550				1,133,000
<b>TOTAL</b>	15,300,630	1,156,707	(1,057,206)		242,405	15,642,534

Detailed analysis of the above investments are in the Appendices attached to the financial statements

Year ended 30 June 2023	Value as at 01.07.2022 Kshs.'000'	Additions at cost Kshs.'000'	Disposal proceeds Kshs.'000'	Gain/Loss on disposal Kshs.'000'	Fair value change Kshs.'000'	Value as at 30.06.2023 Kshs.'000'
Immovable property	1,710,000	-	-	-	-	1,710,000
Quoted Shares	3,860,202	93,617	(159,317)	43,895	(474,923)	3,363,474
Unquoted Shares	20,664	-	-	-	-	20,664
Treasury Bonds	9,608,061	259,470	(744,276)	(19,076)	(384,200)	8,719,979
Treasury Bills	64,100	7,790	(71,890)	-	-	-
Corporate Bonds	8,730	-	(4,000)	-	-	4,730
Offshore Investments	277,471	91,086	-	-	113,776	482,333
	15,549,228	451,963	(979,483)	24,819	(745,347)	14,301,180
Fixed and time deposits	361,100	4,278,709	(3,640,359)	-	-	999,450
	15,910,328	1,971,953	(4,619,842)	24,819	(745,347)	15,300,630



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

18	Contributions Receivables	30.06.2024	30.06.2023
		Kshs. '000'	Kshs. '000'
	Outstanding for more than 30 days	6,935,026	6,246,003
	Interest on contributions receivables	288,475	(85,131)
		<b>7,223,501</b>	<b>6,160,872</b>

Retirement Benefits Authority has requested the Sponsor, University of Nairobi to prepare a remedial plan on how the unremitted contributions will be paid.

19	Other receivables and accrued income	30.06.2024	30.06.2023
		Kshs. '000'	Kshs. '000'
	Water deposit	4	4
	Garbage deposit	5	5
	Electricity deposit	201	201
	Other sundry receivables	-	2
	Accrued interest income	9,508	6,327
	Accrued dividends	52,965	61,998
	KnightFrank Account-Ambank House	2,983	7,584
	KnightFrank Account-Unipen Apartments	(9,980)	(6,004)
	Rent Arrears-Ambank House	111,307	96,615
	Rent Arrears-Unipen Apartments	4,975	5,313
	Bad debts provision-Ambank House	21,604	21,604
	Bad debts provision-Unipen Apartments	1,182	1,182
		<b>194,754</b>	<b>194,831</b>

20	Cash at bank & hand	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	<b>Bank balances</b>		
	Absa Current Account	36,219	(131,661)
	Standard Chartered-Gen Africa Account	712	489
	Standard Chartered-OMIG Account	29	77
		<b>36,960</b>	<b>(131,095)</b>

For the purpose cash flow, cash and cash equivalents comprise of the following:

	30.06.2024	30.06.2023
	Kshs. '000'	Kshs. '000'
Cash and Bank balances	36,960	(131,095)
Fixed and time deposits maturing within 90 days	1,133,000	999,450
<b>Cash and cash equivalents</b>	<b>1,169,960</b>	<b>868,355</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

21	Other deposits	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	Imperial Bank	30,835	30,835
	Bad debt-Imperial Bank	(30,835)	(30,835)
	Kenya Finance Bank	43,412	44,123
	Bad debt-Kenya Finance Bank	(43,412)	(44,123)
	Chase Bank	15,000	15,000
	Bad debt-Chase Bank	(15,000)	(15,000)
	Total	-	-

The above banks are in liquidation and from time to time, they declare dividends. No dividends were received during the year.

22	Benefits Payable	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	Retirement	219,088	142,608
	Death Fund Credit	165,675	104,951
	Deferred withdrawals	172,715	181,334
	Mortgage payouts	-	16,997
		557,478	445,890

*The following is the age analysis of the deferred amounts to members:*

	<=2 years	>2 years	Total
Retirement	183,780	35,307	219,088
Death Fund credit	99,005	66,670	165,675
Deferred withdrawals	15,997	156,718	172,715
Mortgage payouts	-	-	-
	297,782	258,695	557,478

Retirement deferred amounts is for members who have chosen to delay transferring their 2/3rds to annuity or Income Draw Down provider. Death fund credit is for beneficiaries waiting to purchase an annuity or IDD. Deferred withdrawals is for members who resigned or were terminated before age 50 years and requested their benefits to be held in the scheme as per the Retirement Benefits Act.

23	Death in service Trust Fund	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	Death in service Lumpsum Trust Fund	143,059	98,990

The Trust Fund is for beneficiaries who are minors and the scheme pays school fees for the beneficiaries on request by the guardians. Once they attain 18 years of age, they are paid the balance in their account.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

24	Death Fund Reserve Account	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	Balance b/ fwd	85,026	44,931
	Transfer for the year from members fund	14,974	55,069
	Payments made during the year	(82,566)	(14,974)
	Balance carried forward	17,434	85,026

Treasury through Circular No. 18/2010 directed that all public service retirement benefit schemes provide death in service benefits through an insurance policy purchased from a reputable insurance company. The Trustees appealed to Treasury and the Scheme was allowed to operate an in house death in service reserve fund. The Actuaries advised the Trustees to have a fund within the scheme of Kshs. 100 million per year to cater for death in service lumpsum benefits. The death lumpsum benefit is three times a member's last annual salary. During the year, fifteen members passed on as compared to 13 members who passed on in 2022/2023.

25	Other payables and accrued expenses	30.06.2024	30.06.2023
		Kshs.'000'	Kshs.'000'
	RBA Levy	5,000	5,000
	Provision for Audit fees	1,160	1,160
	Standard Chartered Custody fees	3,179	1,065
	GenAfrica Fund management fees	4,414	4,055
	Old Mutual fund management fees	2,902	6,770
	Zamara Actuarial fees	315	315
	Agile -Pension Administration ERP	10,688	10,688
	KENET-hosting fees	1,322	1,067
	Unipen Rent Deposits	3,219	3,219
	Ambank House Rent Deposits	7,488	7,488
	Unipen Prepaid rent	249	303
	Ambank House Prepaid rent	5,689	7,161
	Tax provision	14,205	2,409
	Unidentified bankings	5,774	5,838
	Other accruals	9,222	13,807
	Valuation fees	1,160	-
	<b>TOTAL</b>	<b>75,986</b>	<b>70,345</b>

**26. Related party transactions**

Related parties comprise the Trustees, the administrator, the participating companies, and companies which are related to these parties through common shareholdings or common directorships.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2024 (continued)**

The scheme did not have any related party transactions carried out or otherwise

**27. Self -Investment**

The scheme had no self- investment e.g., investment in the shares of the sponsoring employer and the extent

**28. Contingent receivables & liabilities**

The scheme did not have contingent receivables & liabilities as at the end of the period under considerations

**29. Currency**

The financial statements are prepared in Kenya Shillings (Kshs)