

REPUBLIC OF KENYA



*Enhancing Accountability*

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OF KENYA  
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**REPORT**

DATE: 01 AUG 2023

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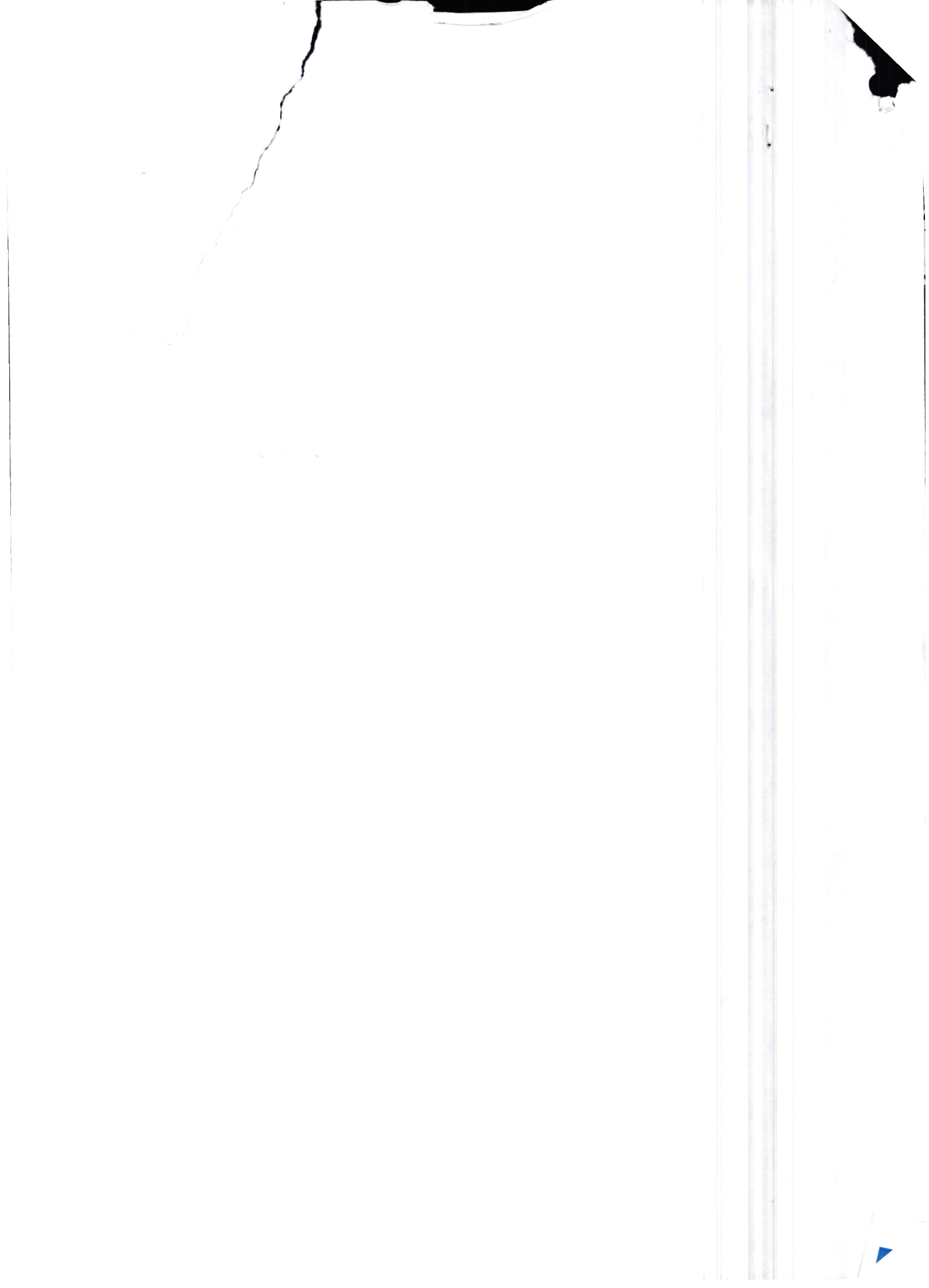
Hon Naomi Wago, MP  
Deputy Majority Whip  
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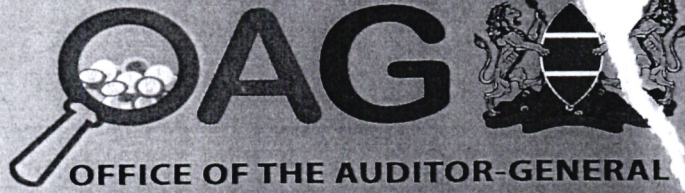
**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL ASSURANCE COMPANY  
(2001) LIMITED**

**FOR THE YEAR ENDED  
31 DECEMBER, 2022**





*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	DATE: 01 AUG 2023
TABLED BY:	Hon Naomi Wago, MP
OF	Deputy Majority Whip
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**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL ASSURANCE COMPANY  
(2001) LIMITED**

**FOR THE YEAR ENDED  
31 DECEMBER, 2022**



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**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**DECEMBER 31, 2022**

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**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

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**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**I. Key Company Information**

**a) Background Information**

The Kenya National Assurance Company (2001) Limited was incorporated under the Companies Act Cap 486 of the Laws of Kenya on the 26<sup>th</sup> October 2001.

**b) Principal Activities**

The principal activity of Kenya National Assurance Company (2001) Limited is to dispose of the assets of the Life Fund, settlement of claim liabilities, conclusion of court cases and preparation for winding up of the company. Kenya National Assurance Company (2001) Limited commits to continued implementation of the Strategic Plan 2022-2023. The operationalization of the plan will greatly help the company achieve its mandate in a cost effective manner that is responsive to the environmental changes.

Our vision is “**To be efficient in the sale of Life Funds Assets**” while the mission is to “**To be the best in safeguarding shareholders value in the sale of the Life Fund Assets.**” Our values are customer care, team spirit, individual commitment and accountability. Over the plan period, the company will be guided by two strategic objectives: conclusion of the outstanding court cases and sale of the remaining life fund assets while containing management expenses.

**c) Directors**

The Directors who served the company during the year/period were as follows:

1. Mr. Stanley K. Kamau - Chairman - Retired on 31<sup>st</sup> January, 2023
2. Mr. Protus Sigei - Director - Appointed on 9<sup>th</sup> March, 2023
3. Mr. Daniel M. Mutua - Director - Appointed on 15<sup>th</sup> January, 2019
4. Mrs. Tabitha Mwaniki - Ag. Chief Executive Officer - Appointed on 1<sup>st</sup> January, 2019

**d) Corporate Secretary**

Tabitha Mwaniki

P.O. Box 20425-00200

Nairobi, Kenya

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**e) Registered Office**

Bima House  
Harambee Avenue  
P.O. Box 20425-00200  
Nairobi, Kenya

**f) Corporate Headquarters**

P.O. Box 20425 -00200  
Bima House  
Harambee Avenue  
Nairobi, Kenya

**g) Corporate Contacts**

Telephone: (254) 0727751024  
E-mail:knac2001ltd@gmail.com

**h) Corporate Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank Limited  
Moi Avenue Branch  
P O Box 30081 – 00100  
Nairobi, Kenya

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**i) Independent Auditors**

Auditor-General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Advisers**

1. The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

2. Waweru Gatonye & Company Advocates

Timau Plaza 4<sup>th</sup> Floor

P.O Box 55207-00200

Nairobi .Kenya

3. Christine Oraro & Company Advocates

Delta Riverside

Block 3 2<sup>nd</sup> Floor Riverside Drive

P.O Box 20728-00100

Nairobi, Kenya

**Kenya National Assurance Company (2001) Limited**  
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**II. The Board of Directors**

Ref	Directors	Details
1.	 <p data-bbox="311 1503 517 1568"><b>Mr. Protus Sigei</b> <b>Director</b></p>	<p data-bbox="944 398 1497 875">Mr. Protus Sigei is a Senior Deputy Director of Investments at the National Treasury who has built his career largely within the public sector in Kenya. He has worked with the National Treasury for the last twenty-two years, initially in the Budget Department and currently in the Department of Government Investments and Public Enterprises. Earlier in his career, he worked as an Economist with the Ministry of Agriculture and later, Office of the President (HQ), on deployment from the Treasury.</p> <p data-bbox="944 898 1497 1151">He holds a B.A (Hons) degree in Economics (with Mathematics) from the University of Nairobi and a Master of Science from the University of York, U.K. He is also an alumnus of Queen’s University, Canada (<i>Program on Investment Appraisal and Risk Analysis</i>), and INSEAD (<i>Competitive Strategy</i>).</p> <p data-bbox="944 1167 1497 1644">Courtesy of the National Treasury, he has over the last twenty years served in the boards of directors of several entities linked to the Government of Kenya; such as KCB (both in Kenya and Uganda), Kenya Reinsurance Corporation, Kenya Broadcasting Corporation (KBC) and Kenya Tourist Development Corporation (later renamed Tourism Finance Corporation), Telkom Kenya and Kenya National Highways Authority (KeNHA) – during which he has been a member of various board committees and chaired the HR and Credit Committees.</p> <p data-bbox="944 1659 1497 1921">He is a member of the Society for Benefit-Cost Analysis (SBCA), a professional society of academics and practitioners, headquartered at the University of Washington at Seattle, USA. He is also a Graduate of the Australian Institute of Company Directors (GAICD).</p>

**Kenya National Assurance Company (2001) Limited**  
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2.	 <p><b>F.A. Daniel Mutua</b>  <b>Alternate Director to the Cabinet Secretary</b>  <b>The National Treasury &amp; Economic Planning</b></p>	<p>FA Daniel Mutua is a Deputy Director, Investments in the Directorate of Public Investment &amp; Portfolio Management in the National Treasury. He has over 28 years of public sector experience having worked in various Ministries in Government and currently working in the National Treasury &amp; Planning since 2004. His Key Competencies include Finance &amp; Investment Analysis and appraisal, Enterprise Risk analysis, corporate Governance, Project Management, Public-Private Partnerships Management, Public Policy analysis, Trusteeship, Public Finance and Leadership.</p> <p>Mr. Mutua holds a B.Ed. (Economics/Business Studies)-Kenyatta University (1991) and MBA-ESAMI/Maastricht (2006). He has attended many international forums and participated in trainings and benchmarking studies on Unclaimed Assets Management, Assets &amp; Liabilities Management, Risk Mgt, Public Policy among others in these Countries- USA, South Africa, Singapore, China, Sweden, Turkey, Canada, Ireland, India, Rwanda, Uganda and Tanzania</p>
3.	 <p><b>Tabitha Mwaniki</b>  <b>Ag. Chief Executive Officer and Company Secretary</b></p>	<p>Mrs. Mwaniki is currently the acting CEO. She was appointed as Principal Legal Officer and Company Secretary on 1<sup>st</sup> November 2005. She holds MBA, Executive from Moi University, and Post Graduate Diploma In Public Relations from Kenyatta University, Bachelor of Laws Degree from Nairobi University and a Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya of 27 years' experience, and a Certified Public Secretary (Kenya). Mrs. Mwaniki is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.</p>

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**III. Management Team**

Ref	Management	Details
1.	 <b>Tabitha Mwaniki</b>	<b>Ag. Chief Executive Officer/Company Secretary (MBA, LLB, CPS)</b>
2.	 <b>Ms. Zipporah Chebotibin</b>	<b>Head of Accounts Department (MBA, B'Com, CPA K)</b>

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**IV. Directors' Statement**

We are pleased to present to you the annual report and financial statements for the period ending 31 December, 2022.

**Performance Review**

In the year, 2022 the focus of the company has been the finalization of the pending court cases and the sale of the 1448 individual plots derived from Bamburi plot to the squatters in accordance with the Court Order. During the year, three (3) out of the fifteen (15) cases were heard and determined thus reducing the number of the cases still outstanding.

**Financial Review**

During the year, the financial performance of the company was adversely affected by the delay in mortgage recoveries and the slow pace of collection of the sale proceeds from the sale of Life Fund assets due to the uncompleted court cases. The main source of the company's revenue is interest on investments in Treasury Bills and fixed deposits, which have decreased substantially over the years due to the decline in the amounts available to be deposited and a drop in the market interest rates. .

**2023 Focus**

In the year 2023, the company will concentrate on the conclusion of the pending cases and collection of the sale proceeds from the sale of Life Fund assets.

**Citizenship**

Kenya National Assurance Company (2001) Limited although not trading, takes its role as a corporate citizen seriously and believes in being a valued, respected and trusted citizen is vital in preserving shareholder value.

**Acknowledgement**

We wish to acknowledge the commitment and dedication of the Board of Directors and the support of the National Treasury and Planning.

**Conclusion**

In conclusion, we would like to thank the management and staff for their hard work and consistency in implementing the mandate of the company. Despite the slow progress in the year 2022, we believe it will be possible to wind up the company as soon as the cases pending before the courts are concluded and the sale of the Life Fund assets is completed.

.....  
**Director**

**Nairobi**

22nd June, 2023

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**V. Report of the Ag. Chief Executive Officer**

I am greatly privileged to present the 2022 annual report and financial results. During the year, tremendous gains have been made towards the achievement of the mandate of the Company. Three cases were heard and determined successfully in favour of the company. Progress has also made in the sale of the 1448 individual plots derived from Bamburi plot to the squatters by issuing them with letters of offer to purchase their individual plots in accordance with the Court Order.

In particular, we have made some achievements in the implementation of our mandate as follows: -

**Court Cases**

Out of the 15 pending court cases at the beginning of the year, three additional cases were heard and determined by the courts in favour of the company. Only one case is pending for hearing and determination. In total 14 out of the 15 cases have been heard and determined, what is pending is the execution proceedings, and collection of decretal sums. Implementation of the court order on the sale of the 1448 plots derived from Bamburi Plot has been slow as the squatters moved to court and their application is yet to be heard by the court. Only six people out of the 1448 have paid and collected their titles. It is expected that in the year 2023 the court dispute will be resolved and the sale of the plots can resume.

**Management**

In order to ensure the achievement of its core mandate the company has focused on cost containment in the face of dwindling funds for investment and delay in the disposal of assets due to unconcluded court cases. All surplus funds not immediately required are invested in treasury bills to earn interest since it is the only remaining source of revenue.

**Sale of the Remaining Assets**

The Malindi Plot and Shares in Consolidated Bank of Kenya are the only other remaining assets of the Life Fund. The Office of the Attorney General and the Ministry of Justice has expressed interest in the purchase of Malindi Plot. The disposal of the shares in Consolidated Bank of Kenya, which is not listed in the stock exchange, is subject to the expected privatisation of the Bank.

**Conclusion**

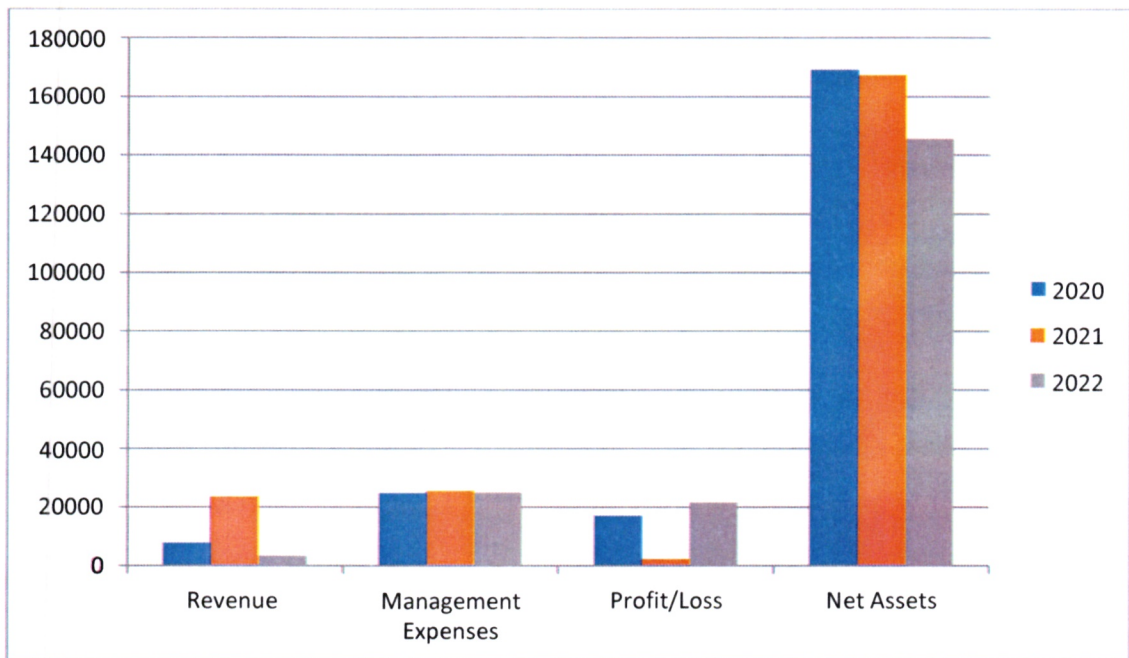
In conclusion, I reiterate our commitment to the implementation of the mandate of the company by relentlessly pursuing the conclusion of the pending court cases and sale of remaining assets of the Life Fund. I applaud the staff for their hard work and commitment and thank the Board for their guidance and strategic support.

  
**Tabitha Mwaniki**  
**Ag. Chief Executive Officer**

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**VI. Statement of Performance against Predetermined Objectives for FY 2022**

The Management Accounts show that total assets and total liabilities of the Company have declined as expected due to the disposal of Life Fund assets and payment of Actuarial Liabilities in line with the approved Run-Off Program and work plan. Comparative data for the years 2020, 2021 and 2022 is as follows: -



The Management expenses for 2022 amounted to Kshs 25 Million against income of Kshs3 Million resulting in a deficit of Kshs 22 Million compared to a budgeted surplus of Kshs2Million for the year. This is due to the delay in the conclusion of the court cases, recovery of mortgages and sale of the remaining assets.

**(b) Claims Settlement**

The company has no outstanding claims due to policyholders from the year 2017 onwards. However, unreported claims can still be reported anytime where the beneficiaries of the Policyholders had not presented their claims before.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

(c) **Disposal of remaining Assets**

There are only four remaining assets of the Life Fund whose disposal is yet to be completed. The disposal has been slow due to a variety of reasons as explained below: -

1) **Bamburi Plot - L.R MN/1/397**

The Company sold the above property in 2005 but the full sale proceeds were not received because squatters invaded the property and the Company has not been able to hand over vacant possession to the purchaser. After many years of litigation where the court issued eviction orders and the company was unable to evict the squatters but sought subsequent orders not to evict but sell the land to the squatters. The court issued orders to enumerate the squatters on the land, carry out physical planning, survey, and valuation and sale the property to the squatters. Once the proceeds of sale are received it will be shared on the ratio of 20:80 being 20% to Kencent Holdings Limited who had paid 20% deposit for the land and 80% of the proceeds to KNAC (2001) limited representing the unpaid balance of the purchase price. The process of squatter enumeration, Physical Planning, Survey and Valuation was completed and letters of offer issued in December 2021. The squatters however, refused to respond to the letters and moved to court seeking to set aside the valuation and the application is still pending before court and is scheduled for hearing on 27<sup>th</sup> March 2023. Only 24 people out of the 1448 have paid deposit for the plots and 6 have paid for their plots in full and collected their titles. The Board and Management have been engaging the Squatters in negotiations trying to agree on an agreeable payment plan. The court on the 31<sup>st</sup> January 2022 ordered that the proceeds of the sale be deposited in a joint account with Kencent Holding Limited.

2) **Malindi Plot**

The Office of the Attorney General has expressed interest to purchase the property, the relevant sale documents have been sent to them, and the proceeds of sale are awaited.

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**Annual Report and Financial Statements for the year ended December 31, 2022**

3) **Investment in Consolidated Bank Limited- Kshs 101 Million**

The company has 3,958,300 4% preference shares and 1,094,487 Ordinary shares in Consolidated Bank of Kenya Limited together of book value Kshs 101 Million. The shares are unquoted. The Bank has increased its share capital and is currently looking for a strategic investor. This is one of the surplus assets likely to be transferred to the National Treasury when all the other assets are disposed and the company dissolved. .

4) **Mortgage Debts – Kshs 5 Million**

Only two mortgage debts remain with cases in court. Recovery of mortgage debts in general has been slow but steady. Efforts to negotiate with the debtors for out of court settlements are ongoing. Recovery through public auctions has been frustrated by court injunctions. Relentless effort is being made in pursuing speedy conclusion of these cases.

The progress report on the work plan for the year 2022 is as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
This strategy involves working with the Advocates representing the Company in various cases to speed up conclusion of the court cases by 31 <sup>st</sup> December 2023.	To conclude all of the 15 outstanding Court cases	Number of cases concluded	<ul style="list-style-type: none"> <li>- Court hearings</li> <li>- Out of Court Negotiations and settlements</li> <li>- Execution of decrees</li> </ul>	The 14 cases have been heard and determined and are in various stages of execution of the Judgements
Complete sale of the remaining Life Fund Assets	<ul style="list-style-type: none"> <li>-Sale of Malindi Plot to the Attorney General’s Office and Department of Justice that has expressed interest in the property.</li> <li>- Conclude sale of the 1448 subplots derived from Bamburi Plot through the Court assisted process</li> </ul>	Transfer of the Property and collection of the sale proceeds.	<ul style="list-style-type: none"> <li>- Collection of the sale proceeds</li> <li>- Processing of Transfer of Land documents</li> </ul>	6 Plots have been sold and the sale proceeds collected in full

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**VII. Corporate Governance Statement**

Kenya National Assurance (2001) Limited was incorporated on 26 October 2001 under the provisions of the Kenya Companies Act as an insurance company to take over the assets and liabilities of the Closed Life Fund of the former Kenya National Assurance Company Limited (in liquidation). The company remained dormant until 1 August 2002 when a Board of Directors was appointed to run its affairs.

The Board of Directors implements the mandate of the company, which is to conclude all the outstanding court cases, sale of life fund assets and wind up the company by 31<sup>st</sup> December 2023.

Corporate Governance defines the process and structure used to direct and manage the business affairs of the Company with the aim of enhancing corporate accountability and shareholders long-term value while taking into account the interests of other stakeholders.

The Board of Directors is responsible for governance of the Company and is committed to ensuring that its business operations are conducted with integrity and in compliance with the Law, internationally accepted principles and best practices of Corporate Governance and business ethics. To this end, the company has put in place systems, practices and procedures, which are frequently reviewed and updated embracing the changing corporate environment and world trends. Due to the nature of the declining operations the company, the company confirms that it complies with applicable legislation including the relevant provisions of the Mwongozo Code of Good Governance.

**Business Ethics**

The company conducts its business in compliance with high ethical standards of business practice. In this respect, the transactions with its clients, intermediaries, insiders, employees and other stakeholders are conducted at arm's length, with integrity and transparency. The business is conducted with high levels of transparency and accountability.

**Board of Directors**

The names of the directors who held office in the year and at the time of this report are set out on page 4. The Board fulfils its fiduciary responsibility to the company by maintaining control over strategic, operational and compliance issues of the company. Whilst the Board provides direction and guidance on strategic and general policy matters, establishing and maintaining overall internal controls over financial, operational and compliance issues, it has delegated its authority to the Chief Executive Officer to conduct the day-to-day business of the company.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

The Board consists of two non-executive directors and the chief executive officer. The composition of the Board reflects the declining operations of the company as it prepares for winding up. The Board possesses extensive experience in a variety of disciplines in insurance, business and financial management, all of which are applied in overall management of the company. The Board meets quarterly and has a formal schedule of matters reserved for it. The directors are given appropriate and timely information so that they can perform their fiduciary responsibilities effectively.

All the directors on the Board are independent of management and are free from any business or other relationships, which could materially interfere with the exercise of their independent judgement.

**(a) Directors' Emoluments and Loans**

The remuneration of all directors is subject to the guidelines issued by the Office of the President on terms and conditions of service for Chairmen and Directors of State Corporations. Information on the compensation received and dealings with the company is included in the notes to the financial statements.

**(b) Related Party Transactions**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the company and its Directors or, Management except as those disclosed in Note 27 to the Financial Statements for the year ended 31 December 2022.

**Board Committees**

Due to the reduced number of Board Members, the Board has not set up working committees but has discharged all its duties and responsibilities including the duties of the Audit Committee as the full Board.

**Board Meeting Attendance**

During the year under review, the Board held five (5) meetings. The Board Members attendance for 2022 was as follows:

<b>Name</b>	<b>Number of Meetings Attended</b>	<b>Percentage Attended</b>
Eng. Stanley Kamau	5/5	100%
Daniel Mutua	5/5	100%

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**Shareholders**

The list of Shareholders and their individual holding at the year ending 31 December 2022 was as follows:-

<b>Name</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Cabinet Secretary, The National Treasury	1,499,999	99.9%
Principal Secretary National Treasury	1	0.1%

**Compliance**

The company operates within the requirements of the Insurance Act Cap 487 of the Laws of Kenya that are still relevant despite the reduced nature of company operations, among other legal requirements, and adopts the universally acceptable principles in areas of human rights, labour standards and in its commitment to best practices. Additionally, the company prepares its Financial Statements in accordance with International Financial Reporting Standards (IFRS).

**VIII. Management Discussion and Analysis**

**i) Financial Performance**

The results for the year 2022 show the net assets have decreased to Kshs 146 Million from Kshs 167 Million as at 31<sup>st</sup> December 2021. The reason for the drop in the interest income due to the decline in investments funds, reduction in the bank deposit and Treasury bill rates.

**ii) Compliance with Statutory Requirements**

During the period under review, the company complied with all its statutory obligations by remitting all required statutory deductions within the statutory timelines.

**iii) Major Risks facing the Company**

The major risk facing the company is the delay in the sale of Life Fund assets due to the slow court process and the lack of co-operation by the debtors in the settlement of disputes out of court.

**IX. Environmental and Sustainability Reporting**

**i) Sustainability Strategy and Profile -**

Our sustainability strategy involves being able to manage the financial, operational and social aspects of our operations to enable us achieve our goals which is to prepare the company for winding up by completing the sale of remaining assets of the Life Fund and concluding the pending court cases through innovative ways such as out of Court settlements.

**ii) Environmental Performance**

In the day-to-day operations of the company, the company promotes measures that conserve power such as not using electricity for lighting during the day and having a near paperless

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

office in order to help conserve the environment.

**iii) Employee Welfare**

The safety of our employees, clients and the public is a great concern to the company. The staff have been sensitized in the key areas of statutory safety and company ensures compliance with Occupational Safety and Health Act of 2007, (OSHA)

**iv) Market Place Practices**

We ensure that we comply with the various regulations that govern our business and provide services in an ethical manner devoid of prejudice. The company is not trading and is currently involved in disposing off the life fund assets. However, all our clients are treated with courtesy and consideration and our staff are helpful at all times. Customer questions and needs are attended to promptly.

**a) Responsible Business Practices.**

The company is currently not trading but has an anti-corruption policy in place and ensures that all the operations of the company are conducted in compliance with the law.

**b) Responsible Supply Chain and Supplier Relations**

The Public Procurement and Asset Disposal Act (PPADA), 2015 and the Public Procurement and Asset Disposal Regulations (PPADR) 2020 govern the company's supply chain processes. The procurement and asset disposal processes are enshrined in the company's procurements guidelines that are anchored on the principle of value for money, professionalism, competitiveness, transparency, accountability, fairness, ethical approach and sustainability as emaciated under Article 227 of the Constitution of Kenya, 2010.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**X. Report of the Directors**

The Directors submit their report together with the audited financial statements of Kenya National Assurance Company (2001) limited for the year ended December 31, 2022, which disclose the financial affairs of the Company.

**a) Principal Activities**

The company continues to operate as a Closed Life Fund. The company's main activity is to pursue the conclusion of remaining Court cases, sale of the remaining assets and preparation the company for winding up and to transfer all surplus assets to the National Treasury. The company does not underwrite new insurance policies.

**b) Results**

The results of the company for the year ended December 31, 2022, are set out on page 1. Below is summary of the profit or loss made during the year.

	<b>Kshs '000'</b>
Loss before Taxation	(21,588)
<b>Loss for the year transferred to the Statutory Reserve</b>	<b><u>(21,588)</u></b>

**c) Dividends**

The Directors do not recommend the payment of a dividend in the current year (2021: Nil).

**d) Directors**

The members of the Board of Directors who served during the year are shown on page iii in accordance with company's Articles of Association, Mr. Stanley K.Kamau retired from the Board on 31<sup>st</sup> January 2023 and Mr. Protus C. Sigei was appointed as director on the 9<sup>th</sup> March 2023.

**e) Auditors**

The Auditor-General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....  


**Name Tabitha Mwaniki**

**Corporate Secretary**

22<sup>nd</sup> June, 2023

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**XI. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act and the Companies Act, require the Directors to prepare financial statements in respect of that company, which give a true and fair view of the state of affairs of the company at the end of the financial year/period and the operating results of the company for that year/period. The Directors are also required to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the company financial statements, which give a true and fair view of the state of affairs of the company for as at the end of the financial year (period), ended on December 31 2022. 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 company, (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 company, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the company'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 PFM Act, 2012 and (the State Corporations Act)

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

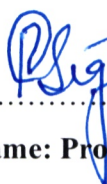
**Statement of Directors' Responsibilities (Continued)**

The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended December 31, 2022, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the Financial Statements**

The Board approved the company's financial statements on 29<sup>th</sup> March, 2023 and signed on its behalf by:



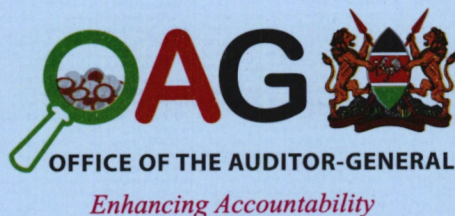
.....  
**Name: Protus Sigei**  
**Director**



.....  
**Name: Tabitha Mwaniki**  
**Ag: Chief Executive Officer**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED FOR THE YEAR ENDED 31 DECEMBER, 2022**

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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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, 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 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 Kenya National Assurance Company (2001) Limited set out on pages 1 to 44, which comprise of the statement of

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*Report of the Auditor-General on Kenya National Assurance Company (2001) Limited for the year ended 31 December, 2022*

financial position as at 31 December, 2022, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and the statement of comparison of budget and actual amounts and a summary of significant accounting policies and other explanatory information, in accordance with the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of Kenya National Assurance Company (2001) Limited as at 31 December, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Preparation of Financial Statements on a Going Concern Basis**

The financial statements have been prepared on a going concern basis. However, as disclosed in Note 5 to the financial statements, the Board of Directors was mandated to spearhead conclusion of all outstanding court cases and to ensure winding up of the Company and transfer of surplus assets to The National Treasury by 31 December, 2023. This is an indication of intention to cease operations of the Company. However, the financial statements for the year ended 31 December, 2022 were prepared on a going concern basis. This was contrary to the provisions of International Accounting Standard No.1 (IAS 1) Paragraph 25 which requires Management to make an assessment of an entity's ability to continue as a going concern and if Management concludes that an entity is not a going concern, the financial statements should not be prepared on a going concern basis.

In the circumstances, the Management was in breach of International Accounting Standards.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Assurance Company (2001) Limited 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 audits 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.43,900,000 and Kshs.3,306,000 respectively resulting to an under-funding of Kshs.40,594,000 or 92% of the budget. Similarly, the Company expended Kshs.24,875,000 against an approved budget of Kshs.341,782,000 resulting to an under-expenditure of Kshs.16,907,000 or 40% of the budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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) of the Public Audit Act, 2015 based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on my audit, that: -

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from my examination of those records; and
- iii. The Company's financial statements are in agreement with the accounting records and returns.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision 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 Directors is responsible for overseeing the Company'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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I 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 my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**03 July, 2023**

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**XIII. Statement of Profit or Loss and Other Comprehensive Income for the Year Ended  
31st December 2022.**


Description	Note	2022	2021
		Kshs '000'	Kshs '000'
<b>Revenues</b>			
Revenue	6	1,117	2,204
<b>Other Income</b>		-	-
Grants from the national government		-	-
Finance Income		-	-
Other Income	7	2,170	21,100
Other gains/(losses)			
<b>Total Revenues</b>		3,287	23,304
<b>Operating Expenses</b>			
Claim Expense	8	99	50
Administration Costs	9	24,776	25,277
Finance costs			
<b>Total Operating Expenses</b>		24,875	25,327
<b>Profit/(loss) before Taxation</b>		(21,588)	(2,023)
<b>Income Tax Expense/(credit)</b>	10	-	-
<b>Profit/(loss) after Taxation</b>		(21,588)	(2,023)
<b>Other Comprehensive Income</b>			
<b>Profit/ (loss) after Taxation</b>		(21,588)	(2,023)
<b>Total Comprehensive Income for the Year</b>		(21,588)	(2,023)


**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**


**XIV. Statement of Financial Position as at 31 December 2022**

Description	Note	2022	2021
		Kshs '000'	Kshs '000'
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	2,515	2,530
Unquoted Investment	12	101,056	101,056
<b>Total Non-Current Assets</b>		103,571	103,586
<b>Current Assets</b>			
Trade and Other Receivables	13	36,301	36,513
Mortgage Loans	14	4,280	4,280
Short-Term Deposits – Treasury Bills	15	5,965	19,838
Short- Term Deposits- Fixed Deposits	16	7,792	5,027
Bank and Cash Balances	17	236	13,500
<b>Total Non-Current Assets</b>		54,574	79,158
<b>Total Assets</b>		158,145	182,744
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary Share Capital	18	50,000	50,000
Revaluation Reserve	19	103,556	103,556
Revenue Reserve	20	(8,063)	13,525
<b>Capital and Reserves</b>		145,493	167,081
<b>Non-Current Liabilities</b>			
Contingent Reserves	21	5,000	5,000
<b>Total Non-Current Liabilities</b>		5,000	5,000
<b>Current Liabilities</b>			
Trade & Other Payables	23	4,951	2,823
Retirement Benefit Obligations	24	2,701	7,822
Provisions for Leave pay	25	-	18
<b>Total Current Liabilities</b>		7,652	10,663
<b>Total Equity And Liabilities</b>		158,145	182,744

The Board approved the financial statements on 29<sup>th</sup> March, 2023 and signed on its behalf by:

  
 Name: Tabitha Mwaniki  
 Ag. Chief Executive Officer

  
 Name: Zipporah Chebotibin  
 Head of Finance  
 ICPAK M/NO:9826

  
 Name: Protus C. Sigei  
 Director

**XV. Statement of Changes in Equity for the Year ended 31 December 2022**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs'000'	Kshs'000'	Kshs '000'	Kshs '000'
<b>As at Jan 1, 2021</b>	50,000	103,563	-	15,548			169,111
Fair value adjustment on quoted investments	-	(7)	-	-	-	-	(7)
Total Comprehensive Loss	-	-	-	(2,023)	-	-	(2,023)
<b>As of Dec 31, 2021</b>	50,000	103,556	-	(13,525)	-	-	167,081
<b>As at Jan 1, 2022</b>	50,000	103,556	-	13,525	-	-	167,081
Total Comprehensive Loss/Profit for the year	-	-	-	(21,588)	-	-	(21,588)
<b>At Dec 31, 2022</b>	<b>50,000</b>	<b>103,556</b>	<b>-</b>	<b>(8,063)</b>	<b>-</b>	<b>-</b>	<b>145,493</b>

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended December 31, 2022**

**XVI. Statement of Cash Flows for the Year ended 31 December 2022**

<b>Description</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs '000'</b>	<b>Kshs '000'</b>
Cash flows from operating activities			
Cash generated from/(used in) operations	26	(24,372)	80
Net cash generated from/(used in) operating activities		(24,372)	80
Increase/decrease in cash and cash equivalents		(24,372)	80
Cash and cash equivalents at beginning of year		38,365	38,285
Cash and cash equivalents at end of the year	26	<b>13,993</b>	<b>38,365</b>

**XVII. Statement of Comparison of Budget and Actual Amounts for the Period ended 31 December 2022**

	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Performance Difference</b>	<b>% of Utilization</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>Revenue</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>%</b>
Interest Income	22,400	-	22,400	1,117	(21,283)	5%
Sale of Malindi	2,500	-	2,500	-	(2,500)	-
Mortgage Recovery	19,000	-	19,000	-	(19,000)	-
Other Income	-	-	-	2,170	2,170	100%
<b>Total Income</b>	<b>43,900</b>	<b>-</b>	<b>43,900</b>	<b>3,287</b>	<b>(40,613)</b>	<b>8%</b>
<b>Expenses</b>						
Compensation of Employees	14,656	-	14,656	11,132	(3,524)	76%
Use of Goods and Services	25,485	-	25,485	12,144	(13,341)	48%
Rent Paid	1,641	-	1,641	1,599	(42)	97%
Other Payments/Claims Paid	-	-	-	-	-	-
Grants and Subsidies Paid	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>41,782</b>	<b>-</b>	<b>41,782</b>	<b>24,875</b>	<b>(16,907)</b>	<b>60%</b>
<b>Surplus for the Period</b>	<b>2,118</b>	<b>-</b>	<b>2,118</b>	<b>(21,588)</b>	<b>(23,706)</b>	

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

**Budget Notes**

**a) Interest Income**

The Interest Income budgeted for of Kshs22 Million was not achieved because the funds to be invested were expected to be raised from sale of the individual plots derived from Bamburi Plot number MN/1/397 in accordance with the Court Order dated 31<sup>st</sup> October 2019. However, after the letters of offer were issued to the squatters in December 2021, they filed an application in Court contesting the valuation by Government Valuer, which formed the sale price. Because of this action, the majority of the squatters refused to pay for their plots as they awaited a decision of the Court on their application. The application before court has since been heard and a ruling will to be delivered on the 5<sup>th</sup> July 2023. The company was therefore not able to raise the proceeds of sale, which were budgeted to be invested. The court further made a ruling on the 31<sup>st</sup> January 2022 directing that all the proceeds of sale should be deposited in a Joint Account to be held jointly with Kencent Holdings Limited.

**b) Sale of Malindi Plot**

The Malindi Plot is being sold to the Office of the Attorney General and Ministry of Justice who were yet to remit the purchase price as at the end of the year 2022.

**c) Mortgage Recovery**

The company has had two mortgage cases pending before the Court:-

- i) In the first case, judgement was delivered in February 2020 and the decree issued on 7<sup>th</sup> November 2022. The company subsequently had to issue statutory notices to facilitate the sale of the property through Public Auction in accordance with the law. As at the end of December 2022 all, the statutory notices had run their time and the property was ready to be advertised but the Mortgagor refused to give access for purposes of valuation and an application had to be filed in court to compel him to provide access. As a result, the sale of the property was not achieved in the year 2022.
- ii) In the second mortgage case, a consent order redirecting on how the security would be sold was recorded in Court on the 11<sup>th</sup> May 2022. The time allocated for the mortgagor to sell the property according to the court order was 6 months, which was ending in November 2022, but by the end of the year, the property had not yet been sold.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

**d) Compensation of Employees**

The variance between the budgeted amount and actual is because one of the staff attained the mandatory retirement age of 60 years in June 2022 and the position is yet filled.

**e) Use of Goods and Services**

Provision had been made for payment of legal fees and process of titles which amounts were not utilized due to the delay in conclusion of the court cases and the slow process of processing the leases by the Ministry of Lands and Physical Planning.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

**XVIII. Notes to the Financial Statements**

**1. General Information**

Kenya National Assurance Company (2001) Limited is established by and derives its authority and accountability from Company's Act. The company is wholly owned by the Government of Kenya and is domiciled in Kenya. The company's principal activity is -

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 5*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, The Companies Act, 2015 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

**Notes to the Financial Statements (Continued)**

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

**i. *New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022.***

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for assessing whether a contract is onerous; the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent does with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**Kenya National Assurance Company (2001) Limited**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2022**

**Notes to the Financial Statements (Continued)**

**Application of New and Revised International Financial Reporting Standards (IFRS)**

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022.*

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, 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.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early

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<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
	consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statement.

*iii. Early Adoption of Standards*

Kenya National Assurance Company (2001) Limited did not early adopt any new or amended standards in year 2022

**4. Summary of Significant Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**a) Revenue Recognition**

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the Sale of Goods and Services** is recognized in the year in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

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- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognized as it accrues.

**Summary of Significant Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

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 recognised in profit or loss in the income statement.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	10 years or the unexpired lease period
Plant and machinery	15 years
Motor vehicles, including motor cycles	5 years
Computers and related equipment	4 years
Office equipment, furniture and fittings	10 years

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**e) Intangible assets**

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

**f) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) 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 de-recognition 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**i) Fixed Interest Investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**j) Quoted Investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**k) Unquoted Investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other Receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**n) Taxation**

**i) Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively

enacted, at the reporting date in the area where the company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax

asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority.

**p) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**q) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant

risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period.

**Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**r) Trade and other Payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the company or not, less any payments made to the suppliers.

**s) Retirement Benefit Obligations**

The company does not operate a defined contribution scheme but have an annual provision of gratuity which is payable at the end of the contract. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

**t) Provision for Staff leave Pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

**u) Exchange Rate Differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the company operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency

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using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss

**v) Budget Information**

The original budget for FY 2022 was approved by the National Treasury on 24<sup>th</sup> June 2022. Subsequent No revisions or additional appropriations were made to the approved budget.

The company's budget is prepared on a basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section XV of these financial statements.

**1) Comparative Figures**

The comparative figures for the previous financial year have been aligned and configured to conform to the presentation.

**2) Subsequent Events**

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended December 31, 2022.

## **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **a) Going Concern Assumption**

The mandate of the company is as follows:

- (i) To spearhead conclusion of all the outstanding court cases
- (ii) To Conclude sale of 1448, individual plots derived from LR MN 1/ 397 in Bamburi.
- (iii) To ensure winding up of the company and transfer of all surplus assets to the National Treasury by 31 December 2023.

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and on a going concern basis of preparation until the year 2023, which is the projected year for winding up the company.

For the purposes of reporting under the Kenyan Companies Act, 2015 the balance sheet in these financial statements is represented by/is equivalent to the Statement of Financial Position and the Profit and Loss Account is represented in the statement of profit or loss and other comprehensive Income.

### **b) Useful lives and Residual Values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Company
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the assets.

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**c) Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The company has no provisions during the reporting period.

**6. Revenue**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Interest Income from Treasury Bonds	-	-
Interest from Treasury Bills	1,104	2,191
Interest on Staff loans	13	12
Dividends	-	1
<b>Total</b>	<b>1,117</b>	<b>2,204</b>

**7. Other Income**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Interest on Bank Balances	2	4
Other Miscellaneous Receipts	2,168	21,096
<b>Total</b>	<b>2,170</b>	<b>21,100</b>

**8. Claims Expense**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Claim Expense	99	50
<b>Total</b>	<b>99</b>	<b>50</b>

**9 (a) Administration Costs**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Staff costs (note 9b)	13,132	12,661
Directors' emoluments	228	296
Electricity and water	-	-
Data Communication services and supplies	117	96
Transportation, travelling and subsistence	537	359

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**Notes to the Financial Statements (Continued)**

<b>9 (a) Administration Costs (Continued)</b>	<b>2022</b>	<b>2021</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Advertising, printing, stationery and photocopying	448	110
Rent expenses	1,598	1627
Staff training expenses	323	322
Hospitality supplies and services	253	413
Insurance costs	857	875
Bank charges and commissions	66	93
Telephone ,Postage and services	68	78
Auditors' remuneration	300	300
Legal fees	3,896	961
Property Rents and Rates	27	27
Depreciation	4	31
Amortization	11	22
Other Operating Expenses	2,911	7,006
<b>Total</b>	<b>24,776</b>	<b>25,277</b>

**9 (b) (i) Staff Costs**

	<b>2022</b>	<b>2021</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Salaries and allowances of Contracted employees	9,560	9,784
Compulsory contributions to National Social Security Schemes	17	19
Compulsory contributions to NHIF	67	77
Leave pay	430	449
Gratuity provisions	3,058	2,332
<b>Total</b>	<b>13,132</b>	<b>12,661</b>

**(ii) Staff Costs**

<b>Description</b>	<b>2022</b>	<b>2021</b>
The Average number of employee at the end of the year		
Contracted employees	5	6
<b>Total</b>	<b>5</b>	<b>6</b>

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**9 (c) Operating Profit/ (Loss)**

	<b>2022</b>	<b>2021</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>		
Staff Costs (Note 12b)	(13,132)	(12,661)
Depreciation of property, plant and equipment	(4)	(31)
Depreciation of right-of-use asset	-	-
Amortisation of intangible assets	(11)	(22)
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	(228)	(296)
Other Expenses	(11,200)	(12,017)
Auditors' remuneration - current year fees	(300)	(300)
Prior year under-provision		
Loss on disposal of property, plant and equipment		
Net foreign exchange loss		
Interest receivable	1,117	2,203
Other Income	2,170	21,101
<b>TOTAL</b>	<b>(21,588)</b>	<b>(2,023)</b>

**10 Income Tax Expense/(Credit)**

**(a) Current taxation**

	<b>2022</b>	<b>2021</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Current taxation based on the adjusted Profit for the year at 30%	(6,476)	(607)
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
<b>Total</b>	<b>(6,476)</b>	<b>(607)</b>

**(b) Reconciliation of Tax Expense/ (credit) to the expected Tax based on accounting profit**

	<b>2022</b>	<b>2021</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Profit before taxation	(21,588)	(2,023)
Tax at the applicable tax rate of 30%	(6,476)	(607)
Tax effects of expenses not deductible for tax	5	2

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purposes		
Deferred tax Prior Year Over-Provision	-	-
Deferred tax not recognised	6,471	605
<b>Total</b>	-	-

**11(a) Property, Plant and Equipment**

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
<b>Cost or valuation</b>								
At Jan 1, 2022	2,500	-	-	-	483	1,460	-	4,443
Additions	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At Dec 31, 2022</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483</b>	<b>1,460</b>	<b>-</b>	<b>4,443</b>
<b>Depreciation</b>								
At Jan 1, 2022	-	-	-	-	476	1,437	-	1,913
Charge for the year	-	-	-	-	4	11	-	15
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
<b>At December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>480</b>	<b>1,448</b>	<b>-</b>	<b>1,928</b>
<b>Net book value at December 31, 2022</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>2,515</b>

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**Notes to the Financial Statements (Continued)**

**Property, Plant and Equipment (Continued)**

<b>2021</b>	<b>Freehold land Kshs '000'</b>	<b>Buildings &amp; civil works Kshs '000'</b>	<b>Kshs '000'</b>	<b>Motor vehicles, including, motor cycles Kshs '000'</b>	<b>Computers &amp; related equipment Kshs '000'</b>	<b>Office equipme nt, furniture &amp; fittings Kshs '000'</b>	<b>Capital work in progress Kshs '000'</b>	<b>Total Kshs '000'</b>
<b>Cost or valuation</b>								
As At 1 <sup>st</sup> Jan 2021	2,500	-	-	-	483	1,468	-	4451
Additions	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposals/Obsolete Stock	-	-	-	-	-	(8)	-	(8)
<b>As At 31 December 2021</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483</b>	<b>1,460</b>		<b>4,443</b>
<b>Depreciation</b>								
At Jan 1, 2021	-	-	-	-	449	1,441	-	1,890
Charge for the year	-	-	-	-	27	4	-	31
Impairment loss	-	-	-	-	-	(8)	-	(8)
Eliminated on disposal	-	-	-	-	-	-	-	-
<b>As At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476</b>	<b>1,437</b>	<b>-</b>	<b>1,913</b>
<b>Net book value</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>23</b>	<b>-</b>	<b>2,530</b>
<b>At December 31, 2021</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>23</b>	<b>-</b>	<b>2,530</b>

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**Notes to the Financial Statements (Continued)**

**Valuation**

The land (Malindi Plot) was valued by Government Valuer in Malindi on 25<sup>th</sup> March 2020.

**11 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs000</b>	<b>Kshs000</b>	<b>Kshs000</b>
Land	2,500	-	2,500
Buildings			
Computers And Related Equipment	483	480	3
Office Equipment, Furniture, And Fittings	1,460	1,448	12
	<b>4,443</b>	<b>1,928</b>	<b>2,515</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost Valuation</b>	<b>Normal Annual Depreciation charge</b>
	<b>Kshs '000'</b>	<b>Kshs 000'</b>
Computers And Related Equipment	480	480
Office Equipment, Furniture And Fittings	1,448	1,448
<b>Total</b>	<b>1,928</b>	<b>1,928</b>

**11(c) Intangible Assets**

<b>Description</b>	<b>2022</b>	<b>2021</b>
<b>Cost</b>	<b>Kshs 000'</b>	<b>Kshs 000'</b>
<b>At Jan 1</b>	-	514
Additions	-	-
Disposals	-	-
<b>At December 31</b>	-	<b>514</b>
<b>Amortisation</b>		
<b>At Jan 1</b>	-	492
Charge For The Year	-	22
Disposals	-	-
Impairment Loss	-	-
<b>At December 31</b>	-	<b>514</b>
<b>Net Book Value</b>	-	-
At December 31	-	-

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**12(a) Unquoted Investments**

Description	2022	2021
	Kshs '000'	Kshs '000'
<b>Cost</b>		
<b>At Jan 1</b>	<b>101,056</b>	<b>101,063</b>
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
<b>At December 31</b>	<b>101,056</b>	<b>101,063</b>
<b>Impairment</b>		
<b>At Jan 1</b>	-	-
Disposals	-	-
Impairment loss during the year	-	(7)
<b>At December 31</b>	-	-
<b>Net Book Value</b>	<b>101,056</b>	<b>101,056</b>

**12(b)**

Name of company where investment is held	No of shares					
	Direct shareholding	Indirect shareholding	Effective shareholding	Nominal value of shares/ purchase price	Value of shares less impairment Current year	Value of shares less impairment Prior year
	0%	0%	0%	Kshs '000'	Kshs '000'	Kshs '000'
Consolidated Bank of Kenya(Ordinary Shares)	0.7	-	0.7	20	21,890	21,890
Consolidated Bank of Kenya(Preference Shares)	2.7	-	2.7	20	79,166	79,166
<b>Totals</b>	<b>3.4</b>	<b>-</b>	<b>3.4</b>	<b>-</b>	<b>101,056</b>	<b>101,056</b>

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**13 (a) Trade and Other Receivables**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs'000'</b>
Trade Receivables (Note 13 (b))	35,552	35,852
Deposits and prepayments	472	661
Vat recoverable	-	-
Staff receivables (Note 13 (c))	277	-
Other receivables	-	-
<b>Gross Trade and Other Receivables</b>	<b>36,301</b>	<b>36,513</b>
Provision for Bad And Doubtful Receivable	-	-
<b>Net Trade and Other Receivables</b>	<b>36,301</b>	<b>36,513</b>

**(b) Trade Receivables**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Gross Trade Receivables	283,783	283,783
Provision for Doubtful Receivables	(248,231)	(247,931)
Net Trade Receivables	35,552	35,852
<b>At December 31, the ageing analysis of gross Trade Receivables was as follows:</b>		
Less than 30 Days	-	-
Between 30 and 60 Days	-	-
Between 61 and 90 Days	-	-
Between 91 and 120 Days	-	-
Over 120 Days	-	-
<b>Total</b>	<b>35,552</b>	<b>35,852</b>

**(c) Staff Receivables**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Gross staff loans and advances	277	-
Provision for impairment loss	-	-
Net staff loans	277	-
Less: Amounts due within one year	(277)	-
Amounts due after one year	-	-

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**14. Mortgage Loans**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs'000'</b>	<b>Kshs'000'</b>
Maturity within one year	362,641	362,641
Less Provision on Impairment Loss	(358,361)	(358,361)
	<b>4,280</b>	<b>4,280</b>

**15 Short Term Deposits – Treasury Bills**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs'000'</b>	<b>Kshs '000'</b>
Central Bank of Kenya	5,965	19,838
<b>Total</b>	<b>5,965</b>	<b>19,838</b>

*The average effective interest rate on the short-term deposits as at December 2022 was 9.13% (2021: 7.14 %).*

**16. Short Term Deposits – Fixed Deposits**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Kenya Commercial Bank	7,792	5,027
<b>Total</b>	<b>7,792</b>	<b>5,027</b>

*The average effective interest rate on the short-term deposits as at December 2022 was 5.5% (2021: 5 %)*

**17. Bank and Cash Balances**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs'000'</b>
Cash at bank	163	13,434
Cash in hand	73	66
<b>Total</b>	<b>236</b>	<b>13,500</b>

The bulk of the cash at bank was held at Kenya Commercial Bank, the company's main banker.

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**17 (i) Detailed Analysis of the Cash and Cash Equivalents**

Description		2022	2021
Financial institution	Account number	Kshs '000'	Kshs '000'
<b>a) Current Account</b>			
Kenya commercial Bank	1107111862	6	2,397
Kenya Commercial Bank	1107111641	157	11,037
<b>Sub- Total</b>		<b>163</b>	<b>13,434</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank	MM222782VWV3	3,558	5,027
Kenya Commercial Bank	MM221465Q6MG	4,234	-
<b>Sub- Total</b>		<b>7,792</b>	<b>5,027</b>
<b>c) Fixed Deposits Account</b>			
Central Bank of Kenya	2497/91	5,965	19,838
<b>Sub- Total</b>		<b>5,965</b>	<b>19,838</b>
<b>d) Others (Specify)</b>			
Cash in hand	Petty cash	73	66
<b>Sub- Total</b>		<b>73</b>	<b>66</b>
<b>Grand Total</b>		<b>13,993</b>	<b>38,365</b>

**18. Ordinary Share Capital**

Description	2022	2021
	Kshs '000'	Kshs '000'
<b>Authorized:</b>		
1,500,000 Ordinary Shares of Kshs 3.3par value each	50,000	50,000
<b>Issued and Fully paid:</b>		
1,500,000 Ordinary Shares of Kshs 3.3par value each	50,000	50,000

**19. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

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**20. Revenue Reserve**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Revenue Reserve at the beginning of the year	13,525	15,548
Less: Operating loss for the year	(21,588)	(2,023)
Revenue Reserve at the end of the year	(8,063)	13,525

The statutory reserve represents profits from long-term business whose distribution is subject to restrictions imposed by the Insurance Act, Cap 487. The Act restricts the amounts of surpluses of the business available for distribution to the shareholders to 30% of the actuarial surpluses.

**21. Contingency Reserve**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Contingency Reserve at the year end	5,000	5,000

The contingency reserve is a provision to cover any outstanding claims, which are yet to be presented for payment.

**22. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year-end is attributable to the following items:

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Accelerated capital allowances	-	-
Unrealised exchange gains/(Losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	(6,476)	(607)
Provisions for liabilities and charges	(6,476)	607
Net deferred tax liability	-	-
Balance at end of the year	-	-

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**23. Trade and Other Payables**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Trade payables	-	2,461
Accrued expenses	697	325
Retention/ Contract monies	-	-
Deposits	4,254	37
Other payables	-	-
<b>Total</b>	<b>4,951</b>	<b>2,822</b>

**24. Retirement Benefit Obligations**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Gratuity provision at the beginning of the year	7,822	5,489
Additional provisions during the year	3058	2,333
Payments during the year	(8,179)	-
<b>Balance at the end of the year</b>	<b>2,701</b>	<b>7,822</b>

The company also contributes to the statutory National Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contribution legislated from time to time and is currently at Kshs 400 per employee.

**25. Provisions for Leave Pay**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Balance at the beginning of the year	18	2
Additional provisions	478	454
Leave paid out or utilised during the period	(496)	(438)
<b>Balance at the end of the year</b>	<b>-</b>	<b>18</b>

**Provision for leave pay is based on services rendered by contacted employees annually.**

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**26. Notes to the Statement of Cash Flows**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
<b>(a) Reconciliation of Operating Profit/ (Loss) To Cash Generated From/ (Used In) Operations</b>		
Loss before tax	(21,588)	(2,023)
Depreciation	15	22
Amortisation	-	31
(Gain)/Loss on disposal of Property, Plant And Equipment	-	-
(Increase)/Decrease in Inventories		
(Increase)/Decrease in Trade and Other Receivables	212	(212)
Increase/(Decrease) in Trade and Other Payables	2,128	(87)
Increase/(Decrease) in Retirement Benefit Obligations	(5,121)	2333
Increase/(Decrease) in Provision for Staff Leave Pay	(18)	16
<b>Cash Generated from/(used In) operations</b>	<b>(24,372)</b>	<b>80</b>
<b>(b) Analysis of Changes in Loans</b>		
<b>Balance at beginning of the year</b>		
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign Exchange (Gains)/Losses	-	-
Accrued interest	-	-
<b>Balance at end of the year</b>	<b>(24,372)</b>	<b>80</b>
<b>(c) Analysis of Cash and Cash equivalents</b>		
Short Term Deposits	13,757	24,865
Cash At Bank	236	13,434
Cash In Hand	0	66
<b>Balance at the end of the year</b>	<b>13,993</b>	<b>38,365</b>

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**27. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the company, holding 100% of the company's equity interest. The company has no long-term lenders requiring the Government of Kenya guarantees, both domestic and external.

Other related parties include:

- i) The National Treasury
- ii) County Government of Nairobi
- iii) Central Bank of Kenya
- iv) Kenya Commercial Bank
- v) Consolidated Bank of Kenya
- vi) Key Management
- vii) Board of directors

**Transactions with related parties**

Description	2022	2021
	Kshs '000'	Kshs '000'
Compensation to Key Management	8,121	7,706
Directors' Emoluments	228	296
<b>Total</b>	<b>8,349</b>	<b>8,002</b>

**28. Financial Risk Management**

The company's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The company's financial risk management objectives and policies are detailed below:

**(i) Credit Risk**

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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*Credit Risk (Continued)*

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount Kshs '000'</b>	<b>Fully performing Kshs '000'</b>	<b>Past due Kshs '000'</b>	<b>Impaired Kshs '000'</b>
<b>At 31 December 2022</b>				
Receivables from Exchange Transactions	284,058	36,301	-	247,757
Mortgage Loans	4,280		-	
Bank Balances	236	236		
<b>Total</b>	<b>288,574</b>	<b>36,537</b>	<b>-</b>	<b>247,757</b>
<b>At 31 December 2021</b>				
Receivables from Exchange Transactions	284,270	36,513	-	247,757
Mortgage Loans	4,280			
Bank Balances	13,500	13,500	-	
<b>Total</b>	<b>302,050</b>	<b>50,013</b>		<b>247,757</b>

The credit risk associated with these receivables is minimal and the allowance for uncollectable amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has no significant concentration of credit risk because it is not trading.

**ii) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the company's directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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**Notes to the Financial Statements (Continued)**

***Credit Risk (Continued)***

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
<b>Description</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
<b>At 31 December 2022</b>				
Trade payables-Deposits	4,254	-	-	4,254
Provisions(Contingency Reserve)	5,000	-	-	5,000
Employee benefit obligation	2,701	-	-	2,701
Accrued Expenses	697	-	-	697
<b>Total</b>	<b>12,652</b>	<b>-</b>	<b>-</b>	<b>12,652</b>
<b>At 31 December 2021</b>				
Trade payables	2,461	-	-	2,461
Provisions(Contingency Reserve)	5,000	-	-	5,000
Employee benefit obligation	7,840	-	-	7,840
Accrued Expenses	362	-	-	362
<b>Total</b>	<b>15,663</b>	<b>-</b>	<b>-</b>	<b>15,663</b>

**(iii) Market Risk**

Due to the reduced nature of company operations, the board carries out its oversight function in assessing the risks faced by the company on an ongoing basis, evaluates and tests the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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**Notes to the Financial Statements (Continued)**

***Market Risk (Continued)***

The company's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

**a) Interest Rate Risk**

Interest rate risk is the risk that the company's financial condition may be adversely affected because of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**i) Management of Interest Rate Risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**ii) Sensitivity Analysis**

The company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as an increase of Kshs 110,360 (2021: Kshs 20,000). A rate decrease of 1% would result in a decrease/increase in profit before tax of 87,640 - (2021 - Kshs 233,004).

**iii) Fair value of Financial Assets and Liabilities**

**a) Financial Instruments Measured at Fair Value**

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *company's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:-

<b>At 31 December 2022</b>	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
	<b>Kshs ‘000’</b>	<b>Kshs ‘000’</b>	<b>Kshs ‘000’</b>	<b>Kshs ‘000’</b>
<b>Non- financial assets</b>				
Investment property				
Land and buildings	2,500	-	-	2,500
Total	2,500	-	-	2,500
<b>At 31 December 2021</b>				
Investment property				
Land and buildings	2,500	-	-	2,500
Total	2,500	-	-	2,500
<b>At 31 December 2022</b>				
<b>Non- financial assets</b>				
Property Plant And Equipment		-	15	15
		-	15	15
<b>At 31 December 2021</b>				
<b>Non- financial assets</b>				
Property Plant And Equipment		-	30	30
		-	30	30

There were no transfers between levels 1, 2 and 3 during the year.

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***Financial Instruments not measured at Fair Value***

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

The objective of the company's capital risk management is to safeguard the Board's ability to continue as a going concern. The company capital structure comprises of the following funds:

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Revaluation Reserve	103,556	103,556
Revenue Reserve	(8,063)	13,525
Capital Reserve	50,000	50,000
<b>Total Funds</b>	<b>145,493</b>	<b>167,081</b>
Total Borrowings		
Less: Cash and Bank balances	236	13,500
Net Debt/(Excess Cash and Cash Equivalents)	236	13,500
<b>Gearing ratio</b>	<b>0%</b>	<b>8%</b>

**29. Incorporation**

Kenya National Assurance Company (2001) Limited is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**30. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**31. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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**XIX. Appendices**

**Appendix 1: Implementation Status of Auditor-General prior Year Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Continued preparation of Financial Statements on a Going Concern Basis while the company is planned for Winding up by December 2021	The company is at the tail end of achieving its mandate of completing all the pending court cases and sale of all the remaining assets of the Life Fund. Due to the expected dissolution of the company the Financial Statements for the year 2021 we prepared on a basis other than of a going concern, which includes where appropriate, restating the company's assets to net realizable value. The company has three at assets which are held book value as follows: - (a) Malindi Plot, which is an asset, held for sale and held at the current valuation amount of Kshs 2.5 Million. (b) Mortgage loans are held at book value because the recovery is subject to the determination of pending court cases. (c) Investment shares held in Consolidated Bank of Kenya Limited are held at book value because the bank is not listed in the stock exchange and is under privatization.	Not Resolved	31 <sup>st</sup> December, 2023
2.	<b>Budgetary Control and Performance</b> The statement of comparative budget and actual amounts reflects Final receipts budget and actual on comparable basis of Kshs 41,228,000	The core mandate of the company is to conclude pending court cases and sale of the remaining life fund assets. The pending court cases related to the sale of the remaining assets, mortgage, and rent and service charge recoveries. The Approved Budget 2021 had made provision for recoveries to be made from sale of mortgage securities and	Not Resolved	31 <sup>st</sup> December, 2023

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	<p>and Kshs 23,304,000 respectively resulting to an underfunding of Kshs 17,924,000 or 43% of the budget .Similarly, the company expended Kshs 25,327,000 against an approved Budget of Kshs 38,209,000 resulting to an under- expenditure of Kshs 12,882,000 or 34% of the budget.</p> <p>The under- funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>expenditure to be made in settling legal fees at the conclusion of the court cases. However, due to the busy court diaries the case were not concluded as envisaged. The two cases in particular were near conclusion since judgement had already been entered in one of the cases and in the other negotiations for settlement out of court has already commenced. However, Management has nocontrol of the court process and the cases are yet to be concluded hence the deficit in income and the under expenditure in the budget expenses. Management will endeavour to make more realistic projections in the future.</p>		

*Tabitha Mwaniki*

Name: **Tabitha Mwaniki**  
 Ag. Chief Executive Officer

*22<sup>nd</sup> June,* 2023