REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST PLC

FOR THE YEAR ENDED 30 JUNE, 2025

KNEST
Kenya National Entrepreneurs Savings Trust

KENYA NATIONAL ENTREPRENUERS SAVINGS TRUST Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025

Prepared in accordance with the IFRS Accounting Standards

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1. Acronyms and Definition of Key Terms

A. Acronyms

BETA	Bottom-Up Economic Transformation Agenda
BOD	Board of Directors
BPS	Budget Policy Statement
BRD	Business Requirement Document
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CFA	Community Forest Association
CMSEO	Confederation of Micro and Small Enterprises Organization
CPA-K	Certified Public Accountant of Kenya
DC	District Commissioner
EACC	Ethics and Anti-Corruption Commission
EBS	Elder of the Order of the Burning Spear
ESAMI	East and Southern African Management Institute
FEDCO	Federation of Drivers and Conductors
FIF	Financial Inclusion Fund
FY	Financial Year
GDP	Gross Domestic Product
GEDP	Global Executive Development Program
HR	Human Resources
HSC	Head of State's Commendation
ICPAK	Institute of Certified Public Accountants of Kenya
ICS	Institute of Certified Secretaries
ICT	Information and Communications Technology
IPS	Investment Policy Statement
IPSAS	International Public Sector Accounting Standards
KFS	Kenya Forest Service
KNEST	Kenya National Entrepreneurs Savings Trust
KRA	Kenya Revenue Authority
MBS	Moran of the Order of the Burning Spear

MICDE	Ministry of Information, Communications and the Digital Economy
MNO	Mobile Network Operator
MSK	Marketing Society of Kenya
MTP	Medium Term Plan
NCCK	National Council of Churches of Kenya
NGO	Non-Governmental Organization
NPCC	National Productivity and Competitiveness Centre
NSSF	National Social Security Fund
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
ODPC	Office of the Data Protection Commissioner
OECD	Organisation for Economic Co-operation and Development
PLC	Public Limited Company
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PSSS	Public Service Superannuation Scheme
RBA	Retirement Benefits Authority
SAFER	Supporting Access to Finance and Enterprise Recovery
SCAC	State Corporations Advisory Committee
SHIF	Social Health Insurance Fund
TDPK	Trustee Development Program - Kenya
TDR	Trust Deed and Rules
TOR	Terms of Reference
USSD	Unstructured Supplementary Service Data
WB	World Bank
WEPS	Women Empowerment Principles
YPO	Young Presidents' Organization

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information

a) Background information

The Kenya National Entrepreneurs Savings Trust (KNEST) Plc was incorporated/ established under the Companies Act, 2015 on December 9, 2021. At Cabinet level, the KNEST Plc is represented by the Cabinet Secretary for National Treasury and Economic Planning, who is responsible for the general policy and strategic direction of the KNEST Plc. The KNEST Plc is domiciled in Kenya.

b) Principal Activities

The mandate of the KNEST Plc is to oversee the management of the government sponsored national pension scheme for all the marginalized informal sector workers.

c) Directors

The Directors who served the KNEST Plc during the period were as follows:

1.	Mr. Moezz Mahmood Mir	- Chairman	- Appointed on February 10, 2023
2.	Ms. Rose Musonye Kwena	- Chief Executive	- Appointed on July 9, 2022
3.	Ms. Racheal Putani Leyian		- Appointed on February 10, 2023
4.	Mr. Joseph Kisoro Ogola		- Appointed on September 6, 2024
5.	Rev. Teresia Wairimu Njenga		- Appointed on September 6, 2024
6.	Mr. Kevin Bwire Mubadi, HSC		- Appointed on September 6, 2024
7.	Ms. Irene Nyambura Githiga		- Appointed on September 6, 2024
8.	Ms. Callen B. Masaka, DCSC		- Alternate to Attorney General, Appointed on October 18, 2024
9.	Mr. Michael Alfred Kagika, EBS		-Alternate to Cabinet Secretary National Treasury, Appointed on November 9, 2021
10.	Mrs. Eunice Kitche-Oduor		- Appointed on January 6, 2025
11.	Ms. Ruth Jerotich Bungei		- Left on September 6, 2024
12.	Mr. Tom Ayieko Okundi		- Left on September 6, 2024
13.	Mr. Louis Karisa Yaa		- Left on September 6, 2024

14.	Ms. Martha Opisa Okochil	- Left on September 6, 2024
15.	Ms. Maria Goretti Nyariki, MBS	- Left on October 18, 2024
16.	Ms. Jemimah Mwaniki King	- Left on December 13, 2024

d) Corporation Secretary

Mrs. Eunice Kitche-Oduor
P.O. Box 30007
GPO 00100
Nairobi, KENYA

e) Registered Office

National Bank of Kenya Building
Harambee Avenue
P.O. Box 30007
GPO 00100
Nairobi, KENYA

f) Corporate Headquarters

P.O. Box 30007
GPO 00100
National Bank of Kenya Building
Harambee Avenue
Nairobi, KENYA

g) Corporate Contacts

Telephone: (254) 020 2252299
E-mail: info@knest.go.ke
Website: www.knest.go.ke

h) Corporate Bankers

1. Kenya Commercial Bank
   KCB Towers
   Kenya Road, Upper Hill
   P.O. Box 48400
   GPO 00100
   Nairobi, Kenya

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

3. The Board of Directors

No.	Directors	Details
1.	 Mr. Moezz Mahmood Mir Chairman and Independent Non-Executive Director Appointment Date: February 10, 2023	Mr. Moezz Mir was born in 1976. He is an experienced and dynamic banker with a wealth of experience spanning over 20 years in Corporate and Investment Banking in East Africa. He is a commercially focused and result oriented individual, with a proven record towards business turnaround, strategy formulation and execution, driven by an entrepreneurial spirit. From July 2024 to date is he is the Founder and Chief Executive Officer, M3 Capital Limited. From October 2018 to May 2024, he was the Chief Executive Officer, SBM Bank Kenya Limited where he developed and executed an organizational strategy taking into consideration the market positioning, business and industry segments and overall group strategic intent, rolled out a medium term cost optimizing strategy that included branch network, people and technology rationalization, executed an organizational restructure in order to achieve a fit for purpose organization structure with an optimized head count, signed up for the Women Empowerment Principles (WEPS) a global set of standards established by the UN Global Compact and UN Women, that provides businesses with guidance on how to promote gender equality and

		women's empowerment in the work place, market place and community and he attained awards for the bank including Excellence in Customer Experience, Excellence in Enterprise Information Technology, Best Bank in Women Banking Awards, 2nd Place in promoting gender inclusivity. Mr. Mir worked at the KCB Group Limited where he served as Director Corporate Banking, KCB Bank Kenya Limited from November 2016 to September 2018, Managing Director, KCB Bank, Tanzania Limited from August 2011 to October 2016 and Director Corporate Banking, KCB Bank Tanzania Limited, from April 2011 to July 2011. Moezz served on the Governing Council of the Kenya Bankers Association and has previously served as a Member of the Governing Council of Tanzania Bankers Association while working in Tanzania. He is also an active Member of the Young Presidents' Organization (YPO). Moezz's educational background and qualifications have complemented his leadership experience; thus creating an impact in the roles he has held over time. Moezz holds a BA (Hons.) Degree in Economics from Kingston University, London; a Higher National Diploma in Business and Finance from the Middlesex University

		London; and has attended the Global Executive Development Program (GEDP) from the Gordon Institute of Business Science, Pretoria. Mr Mir's recent recognitions include • Top 25 Most Influential CEOs impacting business in 2023 by Business Monthly East Africa. • Finalist for the African Banker of the Year Award 2023 by African Banker Magazine. • Top 60 Most Transformative CEOs impacting the economy in 2023 by Business Monthly East Africa.
2.	 Ms. Racheal Putani Leyian Independent Non-Executive Director Appointment Date: February 10, 2023	Ms. Racheal Leyian was born in 1982. She holds a Bachelor of Arts degree from the University of Nairobi. She has over 10 years' experience as a community mobilizer having worked and partnered with non-governmental organizations. Racheal has a passion for empowerment of communities and marginalized groups of the society. Ms. Leyian chairs the Audit and Risk Management Committee of the KNEST Plc Board of Directors.

3.	 Mr. Joseph Kisoro Ogola Independent Non-Executive Director Appointment Date: September 6, 2024	Mr. Joesph Kisoro was born in 1969. He is an accomplished mechanic who has held elected leadership positions in the informal sector space since 1993. In 2021, he was elected the Vice Chairman of Kenya National Federation of Jua Kali Associations, an umbrella body with a membership of over 4 million representing artisans and small manufacturers in the informal economic sector and serving the primary Jua Kali Associations that are spread across all the Counties in Kenya. He also holds the positions of Director, Kenya National Chamber of Commerce and Industry, Nairobi Chapter, Vice Chairman, Confederation of Micro and Small Enterprises Organization, East Africa (CMSEO, East Africa – Kenya Chapter), and Nairobi County Chairman, Kenya National Federation of Jua Kali Associations. Mr. Kisoro served as a pioneer Board Director of KNEST Plc from November 2021 to February 2023 and as an Advisory Council member of KNEST Plc from 2023 until he was appointed to the KNEST Plc Board in September 2024. Mr. Kisoro chairs the Human Resource, Administration and Staff Welfare Committee of the KNEST Plc Board of Directors.

4.	 Rev. Teresia Wairimu Njenga Independent Non-Executive Director Appointment Date: September 6, 2024	Rev. Teresia Wairimu Njenga was born in 1979. Founder and elected Chairperson of Mitumba Consortium Association of Kenya since January 2020 to date, Teresia is a trailblazer in advocating for fair trade practices within the industry globally, while ensuring transparent policies and procedures for importing second-hand clothes that benefit both traders and consumers. She is a leading voice in Kenya's trade policy discussions and increasing the Association's influence in shaping regulations affecting the mitumba sector. She is the Director of *Give Hope TV* where she has successfully implemented new digital strategies boosting audience interaction and engagement through social media, live streaming, and on-demand content. Teresia was appointed to KNEST Plc Advisory Council in 2023 where she served until her appointment to the KNEST Plc Board in September 2024. Rev. Teresia Wairimu Njenga chairs the Finance, Benefits and Investment Committee of the KNEST Plc Board of Directors.
5.		Mr. Kevin Bwire Mubadi, HSC was born in 1988. He is the founder of the Boda Boda Safety

	 Mr. Kevin Bwire Mubadi, HSC Independent Non-Executive Director Appointment Date: September 6, 2024	Association of Kenya and has been serving as its National Executive Chairman since March 2016. Kevin is credited with providing strategic direction and leadership to the Association and ensuring adherence by members to its constitution and by-laws. He represents the interests of boda boda riders in discussions with the government, NGOs, and other stakeholders where he advocates for their rights and, addresses issues such as regulations, training and capacity building, road safety, and fair treatment. Kevin served as a pioneer Board Director of KNEST Plc from November 2021 to February 2023 and as an Advisory Council member of KNEST Plc from 2023 until his appointment to KNEST Plc Board in September 2024. Mr. Mubadi chairs the Technical Committee of the KNEST Plc Board of Directors.
6.		Ms. Irene Nyambura Githiga was born in 1980. She is Founder of the Federation of Drivers and Conductors (FEDCO) and served as its CEO from April 2016 to September 2023. She is currently the Chairperson of Women and Youth Road Safety Association of Kenya, a position in which she has served since October 2023. Irene is a highly accomplished and dedicated leader in advocating for road safety with over 10

	Ms. Irene Nyambura Githiga Independent Non-Executive Director Appointment Date: September 6, 2024	years of experience in road safety management, policy development, and advocacy. She has demonstrated expertise in leading initiatives that significantly reduce traffic accidents and improve public safety, and is adept at collaborating with government agencies, community organizations, and stakeholders to promote road safety awareness and implement effective safety programs. She has successfully spearheaded an innovative project on adoption of ICT in the public transport sector known as *the Demand Responsive Integrated Transport Management System* targeting Thika Road transport saccos, leading to implementation of modern technology and processes to improve fleet management and scheduling which impacted on over 10,000 daily commuters. She also developed 17 programs specifically aimed at educating young drivers and women and pedestrians.

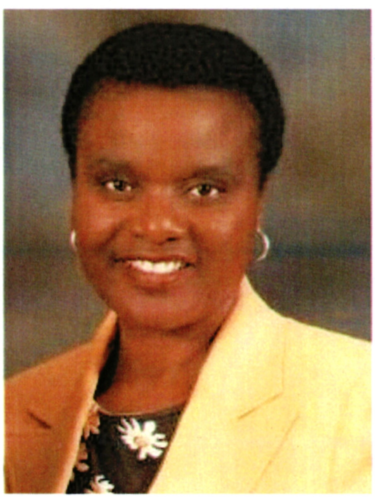
7.	 Ms. Callen B. Masaka, DCSC Alternate, Attorney General Appointment Date: October 18, 2024	Ms. Callen B. Masaka, DCSC was born in 1969. She is a distinguished legal professional with 24 years of exemplary service in both private and public sectors. She is an Advocate of the High Court of Kenya, a Commissioner for Oaths, and a Notary Public. Her career reflects a profound commitment to justice, leadership, and social empowerment. Currently, Callen serves in the Office of the Attorney General and Department of Justice as the Deputy Chief State Counsel. She leads the Litigation Department and holds additional responsibilities as the Deputy Regional Head for Administrative Duties. A Certified Public Secretary and Certified Mediator, Callen is a dynamic leader known for her passion for results and her dedication to her work. Her commitment to professional excellence is evident through her certification in Senior Management and Strategic Leadership, where she graduated with distinction from the Kenya School of Government. Callen's leadership and advocacy extend to championing social justice, restorative practices, and youth empowerment, with a special focus on advancing the welfare of the boy child. Within the Public Service, Callen served as a Principal Legal Officer at the National Land Commission where her expertise was

		instrumental in recovering and protecting public land and addressing historical injustices related to land ownership. She is credited with establishing a formidable Litigation and Research team that enhanced the commission's effectiveness. Callen also served as a member of the Steering Committee on Adoptions at the Ministry of Labor where her contributions led to the placement of a moratorium on international adoptions. Her work left a lasting legacy in the form of amendments to the Children's Act, directly impacting Kenya's adoption policies. Within the Private Practice space, Callen demonstrated unwavering commitment to vulnerable groups by consistently offering pro bono legal services to children, marginalized individuals, and accused persons. She worked closely with NGOs and received numerous referrals from the judiciary, further solidifying her reputation as a compassionate and skilled advocate. Callen's involvement with the Law Society of Kenya includes her tenure as a Board Member of the Law Society Sacco which was marked by significant contributions, including the establishment of a housing unit for members. Her role on the Supervisory Committee bolstered member confidence and contributed to the Sacco's rapid growth and success.

<table>
<tr><td></td><td></td><td>A trained and visionary leader, Callen values purposeful networking and the promotion of a litigation-free society that embraces alternative justice systems. She is deeply committed to making a positive impact in the lives of others, driven by her belief in the transformative power of justice and empowerment.

Callen's dedication to social advocacy, her ability to lead with integrity, and her relentless pursuit of excellence continue to inspire those she works with and serves. Her legal journey remains a testament to her passion for justice, strategic thinking, and unwavering service to society.</td></tr>
<tr><td>8.</td><td>
Mr. Michael Alfred Kagika, EBS</td><td>Mr. Michael Alfred Kagika, EBS was born in 1969. He joined the Public Service in 1992 in the administration cadre. He has accumulated over Thirty (30) years of progressive experience in leadership and management in the Public Service. His tour of duty has seen him work as a District Commissioner (DC), Chief Executive Officer of the Rent Tribunal, Administrator in the Ministry of Public Works and Housing, Social Secretary and Administrator at both State House and the Cabinet Office and Chief Executive Officer and Secretary of the Constitutional Power of Mercy Advisory Committee. Currently Mr. Kagika holds the office of Pensions</td></tr>
</table>

	Alternate, Cabinet Secretary National Treasury Appointment Date: November 9, 2021	Secretary / Director of Pensions, a position he was appointed to in October 2019. Mr. Kagika is a certified Trustee. He holds a Bachelor's Degree in Public Administration, Master in Public Administration degree and an array of Diplomas and certifications in Management from both local and foreign institutions including Kenya School of Government (Kabete), Entrepreneurial Development Institute of India (India), East and Southern African Management Institute (ESAMI) Tanzania, Civil Defence Academy (Singapore) and Centre of Excellence for Stability Police Units (Italy). During his term at the Advisory Committee on Mercy Mr. Kagika contributed greatly to the emergent jurisprudence in the criminal justice through research and involvement in Taskforces on the management of capital offences and capital offenders. In the year 2017, Mr. Kagika was honoured with the award of the Order of the Elder of Burning Spear (EBS) in recognition of his distinguished public service. At the National Treasury Mr. Kagika is pivotal in the transformation agenda of the Ministry, under the steership of the Hon Cabinet Secretary for

		National Treasury and Planning and the Principal Secretary that aims at making the public service pension sector a vibrant, well-resourced and sustainable sector. Mr Kagika was instrumental in the recently introduced Public Service Superannuation Scheme which today boasts an asset value of over 40 billion shillings in under two years. Mr. Kagika also serves as a Board Member in the following organizations; The Kenya Development Corporation, The Public Service Superannuation Scheme and the Kenyatta National Hospital (KNH).
9.	 Ms. Rose Musonye Kwena Chief Executive Officer Appointment Date: July 9, 2022	Ms. Rose Musonye Kwena was born in 1961. She is the Chief Executive Officer, Kenya National Entrepreneurs Savings Trust Plc since 9th July 2022. Rose is an accomplished micro-pensions expert with over 30 years working experience attained in various fields cutting across marketing, communications, education and financial literacy. She has spent over 15 years in the informal sector pensions space mainstreaming informal sector in financial inclusion, having previously worked at Kenya Tourist Board where she promoted Kenya as a preferred tourist destination. She served in a number of leadership

		positions over the years as: Chief Manager, Corporate Communications (RBA), Country Coordinator, International Network on Financial Education at OECD (2010 – 2019), Head, Micro-Pensions Unit (National Treasury, 2019-2021), Acting CEO, KNEST Plc (Nov 2021-July 2022). She identified the elusive informal sector workers and helped to establish MBAO pension scheme (the first informal sector pension scheme in the world) in 2009, and while heading the Trustee Training function at RBA, she spearheaded the development of Trustee Development Program - Kenya (TDPK) in collaboration with Humber College (Canada), College of Insurance and Association of Retirement Benefits Schemes in 2012. Rose holds a Master of Science degree in Corporate Communications (with an emphasis in Marketing) from Lindenwood University, USA and a Bachelor of Arts (Political Science and Arabic) from University of Nairobi. She is an Associate of Toronto Leadership Centre, member of International Association of Business Communicators and Marketing Society of Kenya (MSK) 2010 Warrior. She has certification from TDPK, PROSCI Change Management and Centre for Corporate Governance.

10.	 Mrs. Eunice Kitche-Oduor Ag. Corporation Secretary and Director, Legal Services Appointment Date: January 6, 2025	Mrs. Eunice Kitche-Oduor was born in year 1978. She is an accomplished legal and governance practitioner with specialized expertise in Financial Services Regulation. With 23 years of experience as an Advocate of the High Court of Kenya, she has cultivated a deep understanding and extensive proficiency in leadership, governance, and management across diverse sectors, including health, fund management, financial services regulation, donor-funded programs, and manufacturing/commercial industries, alongside private practice in litigation and conveyancing. Mrs. Kitche-Oduor is an accredited Governance and Compliance Auditor by the Institute of Certified Secretaries (ICS) and is a registered Company Secretary with the ICS. She holds an LL.B (Honors) degree from the University of Nairobi, an MBA, and a certificate in Legal Research from SRA International in San Antonio, Texas, USA. Additionally, she is trained as an Integrity Assurance Officer by the Ethics and Anti-Corruption Commission (EACC). A member of the Law Society of Kenya, ICS, and the Institute of Directors, Mrs. Kitche-Oduor is dedicated to mentorship and leadership development. She is active in youth mentorship

		through organizations such as FOCUS Kenya, the National Council of Churches of Kenya (NCCK), and the Student Leadership Centre - Ufungamano, where she also serves as a Board Member. Eunice has been involved in capacity building for key Government stakeholders and other Deposit Insurance Agencies across Africa, sharing her knowledge and expertise to strengthen the financial safety net on the continent.

4. Key Management Team

No.	Management	Details
1.	 Ms. Rose Musonye Kwena Chief Executive Officer	Ms. Rose Musonye Kwena holds a Master of Science degree in Corporate Communications (with an emphasis in Marketing) from Lindenwood University, USA and a Bachelor of Arts (Political Science and Arabic) from University of Nairobi. She has certification from TDPK, PROSCI Change Management and Centre for Corporate Governance.
2.		Mrs. Eunice Kitche-Oduor is an Advocate of the High Court of

	 Mrs. Eunice Kitche-Oduor Ag. Corporation Secretary and Director, Legal Services	Kenya. She holds an LL.B (Honors) degree from the University of Nairobi, an MBA, and a certificate in Legal Research from SRA International in San Antonio, Texas, USA. She is a member of the Law Society of Kenya, the Institute of Certified Secretaries, and the Institute of Directors.
3.	 Dr. Dunstone Ulwodi Director, Fund Management	Dr. Dunstone Ulwodi is an economist who holds a Doctorate in Economics, a Master of Arts degree in Economics, a Master of Science degree in Populations Studies and a Bachelor of Education degree all from the University of Nairobi

4.	 Mr. Alex Kipkemboi Tum Ag. Director, Marketing and Benefits Administration	Mr. Alex Kipkemboi Tum is a professional with a unique blend of experience in both the medical and journalism fields. He holds a Registered Nurse degree from Excelsior College in Albany, New York and a Bachelor of Public Administration and Governance from the Mount Kenya University.
5.	 Mr. Ben K. Kipanga Ag. Director, Research Planning and Business Development	Mr. Ben K. Kipanga is a research & policy analyst. He holds a Master of Arts degree in Economics and a Bachelor of Arts degree in Economics both from the University of Nairobi.
6.	 Mr. Mutiga Wanjau	Mr. Mutiga Wanjau is a Certified Public Accountant of Kenya (CPA-K). He holds a Master of Business Administration degree in Strategic Management from the United States International University Africa (USIU-A) and a Bachelor of Commerce degree from the Catholic University of Eastern Africa.

	Ag. Deputy Director, Finance and Accounts	
7.	 Mr. Oscar Khamasi Amwoga Ag. Deputy Director, Human Resource and Administration	Mr. Oscar Khamasi Amwoga is a Certified Human Resource Manager and a Certified Human Resource Auditor. He holds a Master of Business Administration degree from the Kenyatta University, a Bachelor of Arts degree from the University of Nairobi and a Higher Diploma in Human Resource Management.
8.	 Mr. Stanslus Jira Mwayongo Ag. Deputy Director, Supply Chain Management	Mr. Stanslus Jira Mwayongo is a certified supply chain management professional. He holds a Master of Science degree in Procurement and Logistics and a Bachelor of Purchasing and Supplies Management degree both from the Jomo Kenyatta University of Agriculture & Technology.

5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Ms. Rose Musonye Kwena
2.	Ag. Corporation Secretary and Director, Legal Services	Mrs. Eunice Kitche-Oduor
3.	Director, Fund Management	Dr. Dunstone Ulwodi
4.	Ag. Director, Marketing and Benefits Administration	Mr. Alex Kipkemboi Tum
5.	Ag. Director, Research Planning and Business Development	Mr. Ben K. Kipanga
6.	Ag. Deputy Director, Finance and Accounts	Mr. Mutiga Wanjau
7.	Ag. Deputy Director, Human Resource and Administration	Mr. Oscar Khamasi Amwoga
8.	Ag. Deputy Director, Supply Chain Management	Mr. Stanslus Jira Mwayongo

6. Fiduciary Oversight Arrangements

The fiduciary oversight function of KNEST Plc is delineated between the Board of Directors, the Board Committees and the Chief Executive Officer. The KNEST Plc reports annually to the National Assembly in line with the enabling legal provision. Where applicable, the KNEST Plc is subject to the fiduciary oversight of a Development Partner. The Office of the Auditor General is the Independent Auditor of the KNEST Plc in line with the Public Finance Management Act, 2012.

The members of the board committees with fiduciary oversight functions are listed below.

Finance, Benefits and Investment Committee

1. Rev. Teresia Wairimu Njenga (Chair)
2. Mr. Michael Alfred Kagika, EBS (Alternate to Cabinet Secretary, National Treasury)
3. Ms. Callen B. Masaka, DCSC (Alternate to the Attorney General)

Board Technical Committee

1. Mr. Kevin Bwire Mubadi, HSC (Chair)
2. Ms. Racheal Putani Leyian
3. Ms. Irene Nyambura Githiga
4. Ms. Callen B. Masaka, DCSC (Alternate to the Attorney General)

Human Resource, Administration and Staff Welfare

1. Mr. Joseph Kisoro Ogola (Chair)
2. Mr. Kevin Bwire Mubadi, HSC
3. Rev. Teresia Wairimu Njenga

Audit and Risk Committee

1. Ms. Racheal Putani Leyian (Chair)
2. Mr. Joseph Kisoro Ogola
3. Ms. Irene Nyambura Githiga
4. Mr. Michael Alfred Kagika, EBS (Alternate to Cabinet Secretary, National Treasury)

7. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30th June 2025. This financial year marked a pivotal period for KNEST Plc, as the institution transitioned from conceptualization to the operational phase, establishing the groundwork necessary for the eventual launch and rollout of the KNEST Pension Scheme targeted at Kenya's informal sector workers.

During the period under review, KNEST Plc achieved significant milestones, laying a firm foundation for its long-term sustainability and strategic alignment with national development priorities. These milestones were anchored on the institutionalization of KNEST Plc as a Trust Corporation. Investments were made to create a conducive environment for KNEST operations. In this regard, KNEST Plc finalized development of its Inaugural Strategic Plan that provides a clear roadmap towards achievement of our mandate and the Communication and Public Awareness Campaign Strategy which underpins KNEST Plc's awareness creation and member mobilization. KNEST Plc also commenced recruitment of staff to enhance its capacity in readiness for the launch and roll out.

In line with the Government priorities and agenda, amendment to the Trust Deed and Rules was undertaken to incorporate the long-term savings component of the Financial Inclusion Fund (FIF). The expansion of KNEST Plc's mandate to manage the FIF long-term savings is both a significant achievement and a clear demonstration of the trust placed in the Corporation.

Despite these gains, KNEST Plc encountered key challenges that delayed the anticipated launch of the pension scheme. Primary among them were third party delays in the transfer of funds and requisite data as well technology related concerns.

In light of these developments, the Board remains steadfast in its commitment to steering KNEST Plc towards its vision. As we move forward, KNEST Plc will strengthen partnerships and collaborations with key stakeholders for resource mobilization and capacity enhancement in order to effectively achieve our mandate.

In conclusion, this annual report and financial statements reflects prudent management of the resources available and demonstrates the institution's commitment to accountability, efficiency and sustainability. The Board remains confident in KNEST Plc's long-term impact and is determined to deliver a pension scheme that is inclusive, secure and responsive to the needs of the over 18 million informal sector workers across the country. We extend our gratitude to all stakeholders for their continued support and look forward to a successful launch and sustained operations in the coming year.

Thank you.

Mr. Moezz Mahmood Mir
Chairman of the Board of Directors

8. Report of the Chief Executive Officer

It is my pleasure to present the KNEST Plc Annual Report and Financial Statements for the financial year ending 30th June 2025. Over the past year, KNEST Plc made strides in operationalization of the Pension Scheme in readiness for official launch and rollout. Building on our commitment to financial inclusion, we continue to develop a model that blends both long-term and short-term savings. The savings product takes into consideration the member needs which include flexibility of contributions, accessibility, convenience and affordability. The main objective of KNEST Pension Scheme is to bridge the pension coverage gap for the informal sector workers who form 80% of the Kenyan workforce and contribute up to 34% of the Gross Domestic Product (GDP). We remain committed to integrity, trust, innovation and customer-centricity in delivery of our services in order to ensure a secure and dignified future for the informal workers.

Operationalization of KNEST Plc

During the year under review, KNEST Plc enhanced its institutional capacity through targeted staff capacity-building initiatives to equip them with the requisite skills and competencies to effectively deliver on the scheme's objectives. KNEST Plc also commenced staff recruitment process.

In line with regulatory requirements under the Retirement Benefits Act, KNEST utilized service providers to support the administration and technical operations of the scheme. KNEST also engaged stakeholders to review and update the Trust Deed and Rules (TDR) to incorporate the long-term savings component of Financial Inclusion Fund (FIF) and to make the governance framework more member-centric. Additionally, the Human Resource instruments were approved by the State Corporations Advisory Committee (SCAC), marking a significant milestone in strengthening KNEST's governance and organizational structure. In support of institutional governance and operational readiness, we have initiated development of key policies, including the ICT Policy and the Asset Management Policy.

Work Environment and Challenges

In order to enhance corporate identity and visibility, KNEST Plc branded its offices. KNEST plc also procured the necessary ICT and office equipment to enhance efficiency and productivity.

Despite these milestones, the year was not without challenges key among which was the delayed launch and roll out of the KNEST Pension Scheme as envisaged. This delay was occasioned by the expansion of the mandate to manage long-term savings component of the FIF. The expanded mandate called for seamless integration with third parties and transfer of funds and relevant accompanying data for the development, update and maintenance of respective pension member accounts. This exercise was not complete at the reporting date. In addition, KNEST Plc was not able to procure a Pension Fund Administration System due to budget constraints.

In spite of the foregoing, KNEST Plc continues to navigate these challenges with resilience and innovation in order to lay a strong foundation for inclusive long-term savings that ensures financial security for the informal sector workers.

Financial Performance

During the period under review, KNEST Plc recorded revenue of Kshs 252,554,679 made up of Kshs 205,303,115 from the National Treasury and Kshs 47,251,564 from the World Bank (WB).

The Kshs 205,303,115 funding from the National Treasury constituted Kshs 193,854,250 for recurrent expenditure and Kshs 11,448,865 realized amortised charge for assets acquired using capital grant as well as assets which were transferred to KNEST Plc at their fair value.

The Kshs 47,251,564 funding was for consultancy services through the WB's Supporting Access to Finance and Enterprise Recovery (SAFER) project. The SAFER project aims to increase access to financial services in both the formal and informal sector. KNEST Plc is a beneficiary institution of the SAFER project as its mandate greatly contributes to financial inclusion within the informal sector. Under the SAFER project, the National Treasury undertakes procurement and payment of consultancies while the beneficiary institution assumes responsibility for acceptance and approval of consultancy reports and resultant invoices for payment. The WB funding of Kshs 47,251,564 therefore did not involve transfer of money to and from KNEST Plc.

The total recurrent expenditure during the period under review was Kshs 213,883,831 made up of Kshs 166,632,267 from National Treasury funding and Kshs 47,251,564 from WB funding

The recorded revenue of Kshs 252,554,679 and total recurrent expenditure of Kshs 213,883,831 resulted in a surplus of Kshs 38,670,848.

Outlook for the Future

KNEST Plc is projected to achieve viability and sustainability within the next three to five years following its launch. The anticipated growth in scheme membership is expected to rise from 567,264 in the first year, to 709,080 in the second year, and 886,350 in the third year, with cumulative contributions projected to reach Kshs 5 billion over the same period. This growth will primarily be driven by the effective implementation of strategic measures outlined in the KNEST Plc Strategic Plan.

Conclusion

As we continue on this transformative journey, KNEST Plc remains steadfast in its commitment to delivering a sustainable and inclusive pension solution for Kenya's informal sector workers. While challenges persist, the progress made so far affirms our readiness to scale and serve our members with integrity, innovation, and accountability. We look forward to deepening stakeholder collaboration as we work towards securing the financial future of millions of informal sector workers.

Thank you very much. God bless you.

Rose Musonye Kwena
Chief Executive Officer

9. Statement of Performance against Predetermined Objectives for FY 2024/25

During the financial year 2024/2025, KNEST Plc finalised the development of its inaugural Strategic Plan for the period 2025-2027. The Plan is anchored on five Strategic Goals namely: (i) Increase access to pension solutions for the informal sector workers; Grow pension savings in the informal sector; Sustainably manage the pension fund for informal sector workers; Optimize the return on investments to deliver value to the members; and strengthen the institutional capacity of KNEST Plc.

During the financial year under review, KNEST Plc implemented its annual workplan guided by the following three key pillars namely:

a) **Expansion of Pension Coverage and Savings:** To achieve this, KNEST Plc laid the foundation for onboarding members by engaging various stakeholders and Mobile Network Operators (MNOs) on the development of the onboarding and registration platform.
b) **Corporate Governance:** KNEST Plc reviewed the TDR for the KNEST scheme to incorporate the FIF contributions.
c) **Operational Excellence**: KNEST Plc re-engineered three customer facing services (customer feedback, enquiries and complaints) in collaboration with the Public Service Transformation Department and the Ministry of Information, Communication and Digital Economy (MICDE).

During the financial year under review, the Corporation implemented its second Performance Contract. The performance targets were aligned with the national development agenda - Bottom-Up Economic Transformation Agenda (BETA), Medium Term Plan IV and the KNEST Plc Annual Workplan.

The performance and achievement during the period are as stated in the table below:

Table 9.1: KNEST Plc Performance Against Predetermined Objectives for FY 2024-2025

Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
Expansion of Pension Coverage and Savings	Increase the aggregate savings by Kshs 1.5 billion	Assets under Management	Collaborate with informal sector associations to on-board members to save for retirement	KNEST Plc laid the foundation for onboarding members by engaging various stakeholders and MNOs on the development of the onboarding and registration platform. No funds have been mobilized due to delayed launch and roll out of KNEST Scheme.
	Enhance pension coverage by enrolling 500,000 members	Number of Members enrolled	Collaborate with informal sector associations to on-board members Promote awareness on pension saving among the informal sector workers	Collaborated with informal sector associations to sensitise its members on the need to save for retirement. The Corporation held various stakeholder forums with BodaBoda association members in Nairobi, Mombasa and Kakamega counties. The corporation also sensitized the members of the public on KNEST and the need to save for retirement during the tree growing event in Cheptais, Bungoma County. No members have been enrolled due to delayed launch and roll out of KNEST Scheme.
Corporate Governance	Strengthen the KNEST Scheme governance	No. of Scheme Governance Policies Developed	Development of Scheme Governance Policies	Reviewed the TDR for the KNEST scheme to incorporate the FIF contributions. Reviewed the Investment Policy Statement (IPS) in line with the reviewed TDR.
	Strengthen the KNEST Plc Governance	Strategic Plan Developed	Develop the KNEST Plc Strategic Plan	KNEST Plc Inaugural Strategic Plan 2025-2027 was finalised and approved by the Board and State Department for Economic Planning. The implementation of the Plan will start in earnest in the financial year 2025-2026.
		No. of Policies	Develop Institutional Policies	During the period under review, KNEST Plc developed Assets & Liability Management Policy and Guidelines to guide KNEST Plc in planning, budgeting, acquisition, maintenance, recording, valuation and disposal of assets and liabilities. Developed draft ICT Policy which provides a framework to strategically leverage technology and ensuring that all ICT operations are streamlined, secure and responsive to KNEST's objective. Developed draft Data Protection Policy to enhance safeguarding and protection of personal data of members and stakeholders in the course of providing pension services. Draft Communication and Public Awareness Campaign Strategy developed to

				guide the communications, public relations, corporate communications and marketing to expand pension coverage in the informal sector.
Operational Excellence	Enhance Customer Experience	Turnaround time Ease of access of KNEST Services	Digitalize KNEST customer facing services	KNEST Plc re-engineered three customer facing services (customer feedback, enquiries and complaints) in collaboration with the Public Service Transformation Department. The services were re-engineered to take into consideration the customer needs and expectations. KNEST Plc also digitalised and onboarded the re-engineered services on the e-citizen platform.
	Improve KNEST Plc Capacity	Number of Staff recruited	Review the Human Resource Instruments	The Human Resource Instruments were finalised and approved for implementation in September 2024. Thirteen vacant positions were advertised. The recruitment process is ongoing.
		Number of staff trained	Train and equip staff with the requisite skills and competencies	During the financial year under review, KNEST Plc identified the training needs of staff and addressed the gaps as provided for in the Human Resource Instruments.
		Productivity Index	Improve Institutional Productivity	KNEST Plc trained management and productivity champions on productivity mainstreaming in collaboration with the National Productivity and Competitiveness Centre (NPCC). KNEST Plc reviewed its productivity metrics as part of the efforts to improve and measure its productivity and performance. KNEST Plc was not able to establish the productivity index due lack of adequate data owing to delayed launch and roll out of KNEST Scheme which constitute the bulk of the indicators under the core mandate.

10. Corporate Governance Statement

KNEST Plc appreciates the importance of upholding high standards of corporate governance in the interest of sustainable performance and accountability. This statement outlines the key governance structures, policies, and practices which were in place during the reporting period and ongoing commitments geared towards continued improvement in mainstreaming corporate governance and business ethics.

i) The Appointment, Retirement and Removal of the Board of Directors

Board of Directors are appointed by the Cabinet Secretary of the National Treasury and Economic Planning (the Sponsor) for a term of 3 years in a structured process that ensures compliance with the State Corporations Act, the Trust Deed and Rules that established KNEST Pension Scheme and best practices.

The Board consists of nine (9) members. The Chief Executive Officer sits in the Board as an ex-officio member. Every appointment is by name and by notice in the Kenya Gazette. The Board composition reflects diversity in gender, age, experience, and expertise. Removal of directors is guided by regulatory provisions and the Trust Deed and Rules and is through formal revocation of their appointment. The organization has an approved Board Charter that outlines the mandate, authority, and responsibilities of the Board and its committees.

ii) Roles and Responsibilities of the Board

The Board is responsible for providing strategic guidance, overseeing management performance, ensuring accountability, and safeguarding stakeholder interests. Its functions include approving major policies, budgets, strategic plans and ensuring risk management and compliance frameworks are effective.

iii) Induction, Training, and Capacity Development

New directors undergo a formal induction program to familiarize them with the organization's operations, governance frameworks, and strategic direction. In the Financial year under review, five (5) newly appointed Board members underwent induction both on Mwongozo and internal processes to ensure an in-depth understanding of the organization. Ongoing training and development opportunities are provided to enhance the effectiveness and knowledge base of Board members. The Board developed and implemented a training calendar which guided in capacity building on corporate governance as well as the mandate of the organization.

iv) Board and Individual Member Performance

The performance of the Board as a collective entity, as well as that of individual directors, is evaluated periodically. These assessments inform continuous improvement initiatives and capacity-building efforts. In the period under review, the Board evaluation for the financial year 2023/2024 was undertaken on 22nd August 2024. However, the Board was reconstituted before receipt of the evaluation report from SCAC. The Board has scheduled an evaluation for the period under review during the 1st quarter of financial year 2025/2026 through the SCAC.

v) Board Committees

The Board re-constituted and increased its Committees from 3 to 4 in line with Mwongozo with distinct functions namely: -

a) Finance, Benefits and Investments Committee;
b) Human Resource & Administrations Committee;
c) Technical Committee and
d) Audit and Risk Management Committee.

Each Committee is headed by an independent Board member appointed by the Board of Directors and has its Terms of Reference (TOR) clearly spelt out. The Committee members are required to familiarize themselves with these TORs at their first sittings on appointment. The Board approved the establishment of an Ad-hoc Committee to oversee preparations for the official launch of KNEST Pension Scheme.

vi) Board Meetings and Attendance

The Board held regular, special and committee meetings in the financial year 2024/2025 as per the schedules below:

Table 10.1: Full Board Meetings for 2024/2025

SN		22/08/2024 7th Regular	30/09/2024 8th Regular	05/12/2024 9th Regular	29/01/2025 10th Regular	28/05/2025 11th Regular	24/06/2025 12th Special
1	Moezz Mahmood Mir	√	√	√	√	√	√
2	Rachel Leyian	√	√	√	√	√	x
3	Michael Kagika	√	√	√	√	√	√
4	Gerald Mwangi	x	√	√	√	√	√
5	Rose Kwena	√	√	√	√	√	√
6	Teresiah Njenga		√	√	√	√	√
7	Irene Githiga		√	√	√	√	√
8	Joseph Ogola		√	√	√	√	√
9	Callen Masaka		√	√	√	√	√
10	Kevin Mubadi		√	√	√	√	√
11	Ruth Bungei	√					
12	Louis K. Yaa	√					
13	Tom O. Okundi	√					
14	Martha Okochil	√					
15	Maria Goretti	√					

Table 10.2: The Human Resource, Administration and Staff Welfare Committee Attendance for 2024/2025

	NAME	07/11/2024 1st Regular	17/01/2025 2nd Regular	25/04/2025 3rd Regular
1	Joseph Ogola	√	√	√
2	Kevin Mubadi	√	√	x
3	Teresiah Njenga	√	√	√
4	Gerald Mwangi	√	x	x
5	Rose Kwena	√	√	√

Table 10.3: Finance, Investment and Benefits Board Committee Attendance for 2024/2025

	NAME	13/07/2024 6th Regular	14/10/2024 7th Regular	15/01/2025 8th Regular	15/04/2025 9th Regular
1	Michael Kagika	√	√	√	x
2	Gerald Mwangi	√	√	x	x
3	Rose Kwena		√	√	√
4	Teresiah Njenga		√	x	√
5	Maria Goretti		√	x	x
6	Callen Masaka		x	√	√

Table 10.4: The Audit and Risk Management Board Committee for 2024/2025

	NAME	17/07/2024 5th Regular	28/11/2024 6th Regular	07/02/2025 7th Regular	24/04/2025 8th Regular
1	Louis Yaa	√			
2	Tom Okundi	√			
3	Maria Goretti	√			
4	Rachel Leyian	√	√	√	√
5	Michael Kagika	√	√	√	√
6	Irene Githiga		√	√	√
7	Joseph Ogola		√	√	√

Table 10.5: The Technical Committee for 2024/2025

	NAME	15/07/2024 5th Regular	11/10/2024 6th Regular	15/01/2025 7th Regular	15/04/2025 8th Regular
1	Louis Yaa	√			
2	Ruth Bungei	√			
3	Tom Okundi	√			
4	Maria Goretti	√			
5	Martha Okochil	x			
6	Michael Kagika	√	√	√	√
7	Rose Kwena	√	√	√	√
8	Kevin Mubadi		√	√	√
9	Irene Nyambura		√	√	√
10	Rachel Leyian		√	√	√
11	Gerald Mwangi		√	x	√
12	Callen Masaka		√	x	√

Key: √ = Attended; x = Not attended; = Not in the Board

The Board participated in other activities that include:

a) Workshops.
b) Stakeholder engagements.
c) Capacity building sessions.

Table 10.6: Other Board Activities for 2024/2025

	NAME	Workshops	Stakeholder engagements	Capacity building
1	Moezz Mahmood Mir	5	2	-
2	Rachel Leyian	7	1	1
3	Michael Kagika	6	2	-
4	Gerald Mwangi	4	-	-
5	Teresiah Njenga	4	-	2
6	Irene Githiga	5	1	2
7	Joseph Ogola	5	3	2
8	Callen Masaka	4	1	1
9	Kevin Mubadi	4	2	2
10	Ruth Bungei	1	1	-
11	Louis K. Yaa	1	1	-
12	Tom O. Okundi	1	1	-
13	Martha Okochil	1	1	-
14	Maria Goretti	1	-	-

vii) Remuneration of the Board

Board members are remunerated for their services in accordance with the Government circulars.

viii) Conflict of Interest

The Board is well versed with the need to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. Mechanisms exist to ensure that declarations of interest are made routinely and duly recorded at the commencement of every Board meeting.

ix) Development of Policies

The Board recognizes that KNEST Plc is still in its nascent stage and therefore acknowledges the importance of establishing robust policies and procedures to guide its operations. To this end, the Board has prioritized to develop and implement the following governance-related policies and frameworks in the financial year 2025/2026 Almanac:- Succession Planning Policy, Conflict of Interest Management Policy, Code of Ethics and Conduct, Governance Audit Framework, Communication Policy and Policy on Related Party Transactions. In addition, a Governance Audit has been earmarked for the financial year 2025/2026. This will serve as a tool to assess the level of compliance with and adoption of corporate governance principles across the organization.

11. Management Discussion and Analysis

Economic and Pension Sector Brief – 2025

In 2024, Kenya's real GDP grew by 4.7%, compared to a revised growth of 5.7% in 2023. The slowdown was attributed to global economic headwinds, domestic fiscal constraints and reduced credit uptake in the private sector. However, the outlook remains positive, with a projected growth of 5.3% in 2025. Inflation remained within target at 4.5%, and the Kenyan shilling strengthened notably against the US dollar, reflecting improved investor confidence and foreign exchange inflows. The government's fiscal consolidation strategy, as outlined in the 2025 Budget Policy Statement (BPS), aims to reduce the fiscal deficit to 4.8% of GDP through enhanced revenue mobilization, public expenditure rationalization, and debt management reforms.

The pension sector maintained steady growth during the review period. Assets under management was Kshs 2.26 trillion majorly due to the enhanced statutory contributions to the mandatory scheme. The government reaffirmed its commitment to sustaining tax incentives for pension contributions and payouts, encouraging long-term savings and enhancing retirement adequacy. Looking ahead, the pension sector is poised for further transformation and inclusion.

The entity's operational and financial performance

The Corporation's operational and financial performance is based on the approved budget for the financial year 2024/2025 and funding from World Bank.

i) Expenditure from National Government funding

During the period under review, the Corporation's approved budget was Kshs 196,830,000. The total expenditure was Kshs 169,535,917 comprising of Kshs 166,632,267 recurrent expenditure and Kshs 2,903,650 capital expenditure, translating to an absorption rate of 86%. The expenditure is captured on an accrual basis whereby expenses are recognized as they are incurred (and not as money is paid) and recorded in the period to which they relate. These expenses include non-cash items, for example, depreciation. The expenditure areas for the period under review are provided in the Table 11.1 below:

Table 11.1 – Expenditure from National Government funding

Expenses	**Kshs**
Use of goods and services	74,790,581
Employee costs	60,386,566
Board Expenses	15,267,327
Depreciation expense	11,448,865
Repairs and maintenance	4,738,927
Total Recurrent expenses	**166,632,267**
Capital expenses	
Office equipment, furniture and fittings	637,606
ICT equipment	2,266,044
Total Capital expenses	**2,903,650**
Grand Total	**169,535,917**

Use of Goods and Services
The main costs incurred under use of goods and services included official travel and conference services, office branding and renovation, insurance, staff capacity-building, fueling of motor vehicles, stationery and office expenses.

Employee Costs
The employee costs catered for personnel emoluments.

Board Expenses
The expenses incurred on board allowances and training.

Depreciation Expense
The depreciation for motor vehicles, equipment, furniture and fittings.

Repairs and Maintenance
Repairs and maintenance of motor vehicles and office equipment.

Office equipment, furniture and fittings
This catered for purchase of assorted office equipment.

ICT equipment
This represents purchase of computers.

ii) Funding from the World Bank

During the period under review, the Corporation recorded Kshs 47,251,564 being funding for consultancy services through the WB's SAFER project. KNEST Plc is a beneficiary institution of the SAFER project by virtue of its mandate. Under the SAFER project, the National Treasury undertook procurement and payment of consultancies while the Corporation took responsibility for acceptance and approval of consultancy reports and resultant invoices for payment. The WB funding of Kshs 47,251,564 therefore did not involve transfer of money to and from KNEST Plc. The WB funding catered for the items provided in the Table 11.2 below:

Table 11.2 - Expenditure from World Bank funding

Expenses	**Kshs**
Legal and Governance Advisory services	9,084,366
Consultancy services - Integrated Communications Strategy & Public Awareness Campaign	14,521,120
Consultancy services - Strategic Plan	23,646,078
Grand Total	**47,251,564**

Compliance with statutory requirements

KNEST Plc is duly registered with Kenya Revenue Authority (KRA), Social Health Insurance Fund (SHIF) and National Social Security Fund (NSSF) while the KNEST pension scheme with RBA. In addition, KNEST Plc is registered with the Office of the Data Protection Commissioner (ODPC) as a Data Processor and a Data Controller. During the year under review, the Corporation complied with the relevant statutory obligations.

Key projects and investment decisions

The expansion of KNEST Plc's mandate to manage the savings component of the FIF resulted in the review and amendment of the TDR in consultation with stakeholders to incorporate the long-term savings component of FIF. Initiatives to incorporate KNEST Scheme in the FIF ecosystem is ongoing.

KNEST Plc's Inaugural Strategic Plan 2025-2027 was finalised. The implementation of the Plan will be a key driver in achievement of KNEST's mandate to champion innovative pension and savings solutions that foster security and dignity for the informal sector workers.

In addition, the Corporation's Communication and Public Awareness Campaign Strategy was developed to guide the communications, public relations, corporate communications and marketing to expand pension coverage in the informal sector.

Major risks facing the entity

The Corporation faces a major risk of failure to implement its mandate arising from third party delays in the transfer of funds and requisite data as well technology related concerns.

Material arrears in statutory/financial obligations

There were no material arrears in statutory and financial obligations as at 30th June 2025.

The entity's financial probity and serious governance issues

There were no financial probity and serious governance issues to report in the period under review.

12. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The retirement benefits sector has continued to be resilient and the assets grew from Kshs 1.725 trillion in 2023 to Kshs. 2.26 trillion in 2024. As a ratio to GDP, the pension assets accounted for 13.9% as at December 2024. The total active membership in 2024 was 4.73 million compared to 4.46 million in 2023.

However, the pension coverage is low, with 26% of the working population being covered under retirement benefits arrangements. Majority of workforce covered are in the formal sector. Only 1.3% of the workforce in the informal sector is covered under the existing pension arrangements. This leaves out a big proportion (83%) of the working population who are mainly in the informal sector, despite the efforts and intervention measures undertaken by the government and the pension industry players. The uptake of pension products among the informal sector workers has been dampened and hampered by a number of factors, key among them the low and irregular income coupled with complex and vexatious products not tailor made to suit their needs nor their economic situation.

It is this gap in pension coverage in the informal sector that KNEST scheme is expected to address. The KNEST scheme will leverage on technology to ease access and accessibility including reducing costs. KNEST Plc adopted an affordable pricing model tailored to the income patterns of the informal sector and has an inbuilt mechanism for managing volatility in returns. The model ensures inclusivity while maintaining operational efficiency. The model offers reasonable returns to members while managing their daily shocks using the short-term savings product.

Further, the implementation of the KNEST scheme supports the Sustainable Development Goals, specifically: SDG 1 by enabling informal sector workers access to pensions that can help reduce poverty among older adults who may lack financial security after retirement; SDG 8 by expanding pension systems to cover informal sector workers aligns with the objective of ensuring decent work conditions and financial security, and SDG 10 by addressing income inequality and providing financial support to those who are typically more vulnerable.

In support of the vulnerable groups, KNEST Plc awarded tenders worth Kshs. 11.23 million to the Women, Youth, and Persons with Disability. In addition, KNEST Plc partnered with various stakeholders to plant trees as part of the efforts to conserve the environment as well as mitigate the effects of climate change.

Despite, the above sustainability initiatives, the Corporation faces challenges which include budget constraints, trust deficit, low and intermittent incomes among the informal sector workers. In order to address the challenges, KNEST Plc ensured continuous stakeholder engagement and partnership more so with informal sector associations.

ii) Environmental performance

KNEST plc re-engineered and digitalized three manual customer facing services in April 2025 namely customer complaints, customer queries and customer feedback. Further, KNEST Plc onboarded the digitalised customer feedback form in the KNEST website and integrated with e-Citizen for ease of access to the customers thereby contributing to reduced paperwork.

In order to reduce carbon emissions, KNEST Plc vehicles are maintained and serviced by the authorized dealers.

On waste management, KNEST Plc offices have labelled waste bins and shredders that make it easier to separate and manage waste.

In the financial year 2024/25, KNEST Plc contracted in its performance contract to implement the Presidential Directive on National Tree Growing Restoration campaign to grow 15 billion trees for restoration of 10.6 million hectares by 2032. The directive was issued on 21st December 2022 with the objective to accelerate the attainment of national tree cover from 12% in 2022 to 30% by the year 2032. KNEST Plc adopted and fenced 5 hectares of Cheptais Forest in Bungoma County and planted 5,000 trees in collaboration with Kenya Forest Service (KFS), Cheptais Community Forest Association (CFA) and area community members. The fencing and tree planting exercise was undertaken between 16th and 20th May 2025. The tree growing exercise initiative in Cheptais will contribute significantly to environmental conservation, biodiversity restoration and climate resilience. KNEST Plc further carried out a joint monitoring exercise with KFS in Cheptais and Kinale Forest, Kiambu County within the financial year under review.

iii) Employee welfare

During the financial year under review, KNEST Plc reviewed the Human Resource Instruments which include Human Resource Policy and Procedures Manual, Career Guidelines and staff establishment. The Human Resource Instruments were approved by SCAC in September 2024. The Human Resource Policy and Procedures Manual take into consideration the hiring process, affirmative action, and stakeholder engagement. Section 2.15 of the Manual provides for KNEST Plc's recruitment procedure while Subsection 2.15.7 emphasises the consideration of principles of affirmative action (women, youth and persons living with disability) and national values as enshrined in the Constitution of Kenya 2010. For any vacancies, KNEST Plc advertises through MyGov as provided in the Guidelines and relevant circulars. KNEST Plc policies are living documents which are reviewed when the need arises and as guided by Government Circulars issued from time to time.

During the financial year under review, KNEST Plc developed and implemented an annual training plan to address skills gaps identified and those arising from the performance appraisal management report. The rewards and sanctions are implemented in line with Section 8.14 of the Human Resource and Procedures Manual.

During the period under review, there were no reported work-related KNEST Plc has put in place a comprehensive medical scheme and general insurance policies as a fall-back position should need arise. Any incidences or injuries are handled as per Section 14 of the Human Resource Policy and Procedures Manual. The Manual highlights general guidelines to safety including emergency preparedness, fire safety, fire precautions, compensation to employees in case of injury or death, reporting of accidents and occupational diseases, risk assessment and security for all employees.

***iv)* Market place practices-**

a) Responsible competition practice.

KNEST Plc has service charters displayed in English, Kiswahili and braille at the point of entry, point of service and in the boardroom which clearly outline the services offered, timelines and procedures. In addition, KNEST Plc initiated development of an ICT platform for pension fund administration which facilitates customer self-registration and contribution through cashless payments leveraging customer facing channels like USSD and web portal. Furthermore, the Corporation conducted public outreach programs to sensitize its potential members on its products and services in Mombasa, Kakamega and Nairobi counties.

Moreover, KNEST Plc advertised its tenders on the KNEST website and MyGov as part of the fair competition. The Corporation has official email addresses (complaints@knest.go.ke and info@knest.go.ke) where customers and members can seek information or complain on the KNEST services.

b) Responsible supply chain and supplier relations

In the period under review, the Corporation prequalified suppliers for different categories and maintained a supplier database which enhanced effective communication with suppliers during tender invitation. The Corporation also advertised its tenders on its website and MyGov as part of the fair competition. KNEST Plc made prompt payments to its suppliers as part of good supplier relations.

c) Responsible engagement with the citizens.

KNEST Plc conducted a focused stakeholder engagement session in Machakos, Nyeri and Isiolo targeting key informal sector workers from hawkers, mitumba traders, matatu operators, boda-boda riders and market vendors. These engagements enabled understanding of the informal workers' unique saving patterns, challenges, retirement perspectives, and product expectations. In addition, the Corporation assessed the workers' perceptions of and willingness to engage with the KNEST pension scheme.

KNEST continuously provides adequate information and updates on its products and services through its use of social media pages namely;

- https://www.instagram.com/knest_ke/
- https://x.com/KnestPlc
- https://www.facebook.com/profile.php?id=61570329238871
- https://www.tiktok.com/@knest_ke?lang=en\
- https://www.youtube.com/@Knest_ke
- https://www.knest.go.ke

d) Product stewardship

KNEST Plc was registered as a Data Processor and Data Controller with ID number 901-0900-9ABC for a period of two (2) years from 25th November 2024 to 25th November 2026. The Trust Deed and Rules were amended to facilitate stewardship of the savings of borrowers under the FIF. The Corporation initiated development of the Business Requirement Document (BRD) to promote member-centric services.

v) Corporate Social Responsibility / Community Engagements

During the period under review, KNEST Plc engaged the Cheptais community members on the need to save for old age and conservation of the environment. The community members were sensitized on the economic benefits of conserving the environment that will enable them generate income thereby enhancing their saving levels. This was done during the tree-planting exercise. KNEST Plc also bought seedlings from the community members as part of empowerment.

On the left is the CEO KNEST and on the right is a representative from the National government at the tree growing exercise at Cheptais sub-county

13. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the KNEST Plc's affairs.

i) Principal activities

The principal activity of KNEST Plc is to oversee the management of the government sponsored national pension scheme for all the marginalized informal sector workers.

ii) Results

The results of the entity for the year ended June 30, 2025, are set out on pages 1 to 6.

iii) Dividends

The Directors do not recommend the payment of a dividend for the year.

iv) Directors

The members of the Board of Directors who served during the year are shown on pages ix to xxiii.

v) Auditors

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

By Order of the Board

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Mrs. Eunice Kitche-Oduor
Corporation Secretary
Date

14. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the KNEST Plc's financial statements, which give a true and fair view of the state of affairs of the KNEST Plc for and as at the end of the financial year (period) ended on June 30, 2025. 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 KNEST Plc, (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 KNEST Plc, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the KNEST Plc'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.

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the KNEST Plc's financial statements give a true and fair view of the state of KNEST Plc's transactions during the financial year ended June 30, 2025, and of the KNEST Plc's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the KNEST Plc, which have been relied upon in the preparation of the KNEST Plc'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 KNEST Plc 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 KNEST Plc's financial statements were approved by the Board on 12th November 2025 and signed on its behalf by:

…………………………………………	…………………………………………
Moezz Mahmood Mir	**Rose Musonye Kwena**
Chairperson of the Board	**Chief Executive Officer**

REPUBLIC OF KENYA

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REPUBLIC OF KENYA

OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST PLC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,

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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Entrepreneurs Savings Trust PLC set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit/loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 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, the financial statements present fairly, in all material respects, the financial position of The Kenya National Entrepreneurs Savings Trust PLC as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Entrepreneurs Savings Trust PLC Management in accordance with ISSAI 130 on the 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts and payments on a comparable basis of kshs.196,757,900 and kshs.156,036,122 resulting in under-utilization of kshs.40,721,778 or 21% of the actual receipts.

In the circumstances, the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effective in Use of Public Resources. The issues as detailed in **Appendix I** remain unresolved.

Other Information

The Management is responsible for the Other Information set out on page vi to xlviii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Meet the Entity Mandate

The Trust Deed and Rules for Kenya National Entrepreneurs Savings Trust (KNEST) PLC dated 12 November, 2021 and amended on 15 April, 2025 and Strategic Plan 2025-2027, define the mandate of KNEST as overseeing the management of the national pension scheme for all the informal workers that is KNEST Scheme and the management of the 70% long-term savings component of Financial Inclusion Fund.

As previously reported, KNEST has not met its mandate since incorporation on 9 December, 2021 to date. The audit noted that KNEST Plc is mandated to oversee the management of the national pension scheme for all the informal sector workers estimated to be above 17 million. Management has, however, not rolled out the scheme for the informal sector workers to voluntarily join.

Further, the inter-ministerial committee meeting held on 4 April, 2024 approved expanded mandate of KNEST to include management of the 70% long-term savings component of Financial Inclusion Fund. KNEST was to receive the data and the funds held by Financial Inclusion Fund. At the time of audit in September 2025, KNEST had not received the data and the funds and there was no communication as to when this will happen.

In the circumstances, the Trust may not justify the delay in implementation of the mandate despite being fully funded by The National Treasury.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Information Communication Technology (ICT) Environment

Review of the ICT environment revealed that the Trust has not developed an ICT policy to provide guidance on IT governance and align ICT requirements to the Trust's strategic plan. Further, the Trust has not automated the accounting function, human resource management including payroll function and asset management system. Failure to automate critical functions and operations might lead to data manipulation and hence the accuracy, reliability and integrity of the data processed may be put in doubt.

In the circumstances, the effectiveness of the internal controls, risk management and governance could not be confirmed.

2. Non-Execution of an Annual Governance Audit

Review of the non-financial information on corporate governance in the financial statements revealed that the Kenya National Entrepreneurs Savings Trust PLC was not subjected to an annual governance audit contrary to Governance Practice 1.13(1) of the Mwongozo - The Code of Governance for State Corporations, 2015.

In the circumstances, the Board of Directors is in breach of the Guidelines and the Trust may not conform to the highest standards of governance.

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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, I confirm 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. Information given in the Directors' report on pages xlvi is consistent with the financial statements; and

iii. The auditable part of the Directors' remuneration report on pages 21 has been properly prepared in accordance with the Companies Act, 2015.

Responsibilities of the 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 effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 Trust's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 November, 2025

Appendix I

Unresolved Prior Year Matters 2023-2024

	Reference	Observation
		Basis of Qualified Opinion
1		Unsupported Motor Vehicle Repairs
		Emphasis of Matter
2		Budgetary Control and Performance
		Lawfulness and Effectiveness in Use of Public Resources
3	1	Irregular and Unapproved Board and Committee Meetings
4	2	Slow Progress of Attainment of Entity Mandate and its Predetermined Objectives
5	3	Late Submission of Financial Statements
6	4	Failure to File Annual Returns with Registrar

16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30th June 2025.

Description	Note	FY 2024-25	FY 2023-24
		Kshs	Kshs
Revenues			
Other income			
Grants from the National Government	6	205,303,115	150,531,814
Grants from Development Partner	7	47,251,564	-
Total revenues		**252,554,679**	**150,531,814**
Operating expenses			
Administration costs	8	166,632,267	130,003,853
Expenditure funded by Development Partner	9	47,251,564	-
Total operating expenses		**213,883,831**	**130,003,853**
Profit/(loss) before taxation	10	38,670,848	20,527,961
Income tax expense/(credit)	11	-	-
Profit/(loss) after taxation		38,670,848	20,527,961

17. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024-25	FY 2023-24
		Kshs	Kshs
Assets			
Non-Current Assets			
Property, Plant And Equipment	14	37,430,877	45,976,092
Total Non-Current Assets		**37,430,877**	**45,976,092**
Current Assets			
Inventories	15	21,045,500	21,045,500
Trade And Other Receivables	16	976,750	770,740
Bank And Cash Balances	17	44,519,922	21,864,319
Total Current Assets		**66,542,172**	**43,680,559**
Total Assets		**103,973,049**	**89,656,651**
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital 10,000,000 @ 1	18	-	-
Fair Value Adjustment Reserve	19	9,898,238	12,428,242
Capital Development reserve		27,532,639	33,547,850
Retained Earnings	20	59,392,892	20,527,961
Capital and Reserves		**96,823,769**	**66,504,053**
Current Liabilities			
Trade And Other Payables	21	944,480	19,030,999
Provisions	22	6,204,800	4,121,600
Total Current Liabilities		**7,149,280**	**23,152,599**
Total Equity And Liabilities		**103,973,049**	**89,656,652**

The financial statements were approved by the Board on 12th November 2025 and signed on its behalf by:

…………………………………	…………………………………	…………………………………
Moezz Mahmood Mir	**Rose Musonye Kwena**	**Mutiga Wanjau**
Chairman of the Board	**Chief Executive Officer**	**Head of Finance**
		ICPAK M/NO:3597

18. Statement of Changes in Equity for the year ended 30 June 2025

Description	Ordinary share capital	Fair value adjustment reserve	Retained earnings	Capital development reserve	Total
As at July 1, 2023	-	-	-	-	-
Fair value adjustment on transferred assets	-	14,855,106	-	-	14,855,106
Profit for the year	-	-	20,527,961	-	20,527,961
Capital/Development grants received during the year	-	-	-	41,353,380	41,353,380
Transfer of depreciation/amortisation from capital fund to retained earnings	-	(2,426,864)	-	(7,805,530)	(10,232,394)
As at June 30, 2024	-	**12,428,242**	**20,527,961**	**33,547,850**	**66,504,053**
As at July 1, 2024	-	**12,428,242**	**20,527,961**	**33,547,850**	**66,504,053**
Fair value adjustment on transferred assets	-	-	-	-	-
Profit for the period	-	-	38,670,848	-	38,670,848
Capital/Development grants received during the period	-	-	-	2,903,650	2,903,650
Transfer of depreciation/amortisation from capital fund to retained earnings	-	(2,530,004)	-	(8,918,861)	(11,448,865)
Recognition of amount due from staff for overpayment of leave allowance in June 2024	-	-	190,483	-	190,483
Reversal of liability wrongly recognized in FY 2023/24	-	-	3,600	-	3,600
As at June 30, 2025	-	**9,898,238**	**59,392,892**	**27,532,639**	**96,823,769**

Note:

1. *Recognition of Kshs 190,483 due from staff for overpayment of leave allowance in June 2024 and reversal of the wrong recognition of Kshs 3,600 liability being domestic allowance due to staff affect expenses for prior year whose books are closed. For this reason, the recognition and reversal are done through retained earnings.*

19. Statement of Cash Flows for the year ended 30 June 2025

Description	Note	FY 2024-25	FY 2023-24
		Kshs	Kshs
Cash flows from operating activities			
Cash generated from/(used in) operations	23	25,365,169	63,217,699
Net cash generated from/(used in) operating activities		**25,365,169**	**63,217,699**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(2,903,650)	(41,353,380)
Net cash generated from/(used in) investing activities		**(2,903,650)**	**(41,353,380)**
Cash flows from financing activities			
Retained earnings on recovery of leave allowance overpay		190,484	-
Reversal of liability wrongly recognized in FY 2023/24		3,600	-
Net cash generated from/(used in) financing activities		**194,084**	**-**
Increase/(decrease) in cash and cash equivalents		**22,655,603**	**21,864,319**
Cash and cash equivalents at beginning of period	**17**	**21,864,319**	**-**
Effects of foreign exchanges rate fluctuations		-	-
Cash and cash equivalents at end of the period	**17**	**44,519,922**	**21,864,319**

20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	xxx%
	a	b	c = a + b	d	E= c - d	d/c%
Budget carryovers from the previous year	-	-	-	-	-	-
Receipts						
Transfers from the government	196,830,000	-	196,830,000	196,757,900	72,100	99%
Total Receipts	**196,830,000**	-	**196,830,000**	**196,757,900**	**72,100**	99%
Payments						
Compensation of employees	80,131,481	(14,787,598)	65,343,883	58,257,762	7,086,121	89%
Use of goods and services	70,646,413	29,078,904	99,725,317	74,942,968	24,782,349	75%
Other payments	38,052,106	(16,331,306)	21,720,800	19,931,743	1,789,057	92%
Total expenditure	**188,830,000**	**(2,040,000)**	**186,790,000**	**153,132,472**	**33,657,528**	82%
Capital Expenditure	**8,000,000**	**2,040,000**	**10,040,000**	**2,903,650**	**7,136,350**	29%
Surplus/deficit for the period	-	-	-	**40,721,777**	**(40,721,777)**	-

Budget notes

1. The budget utilization for compensation of employees was 89%. This was mainly caused by actual remuneration costs that were lower than budgeted estimates for staff deployed through SCAC. The Corporation commenced the staff recruitment process and therefore the budget absorption will increase.
2. The budget utilization for use of goods and services was 75%. This was due to procurement for medical insurance and staff car parking that was ongoing as the reporting date which will be restarted in the financial year 2025/26 under the electronic Government Procurement system. In addition, the staff recruitment process which began in June 2025 was in progress as at the reporting date and for that reason, there was no invoicing and payment. Lastly, there was a saving on the budget for development of the strategic plan.

3. The budget utilization for capital expenditure was 29%. This is mainly attributable to non-utilization of the budget for eBoard and video conferencing systems whose procurement was incomplete as at the reporting date and will be restarted in the financial year 2025/26.
4. The changes between original and final budget were made to comply with National Treasury's disallowance of payments for club membership (both individual and corporate), address developments arising following transition of Advisory Council members to the KNEST Plc Board of Directors and ensure alignment of expenditure to budget ceilings. These changes were done through reallocations and did not therefore raise the overall budget.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	40,721,777
1	Increase in Trade and Other Receivables	(206,010)
2	Decrease in Trade and Other Payables	(18,086,519)
3	Adjustment to retained earnings	194,083
4	Net effect of receivables and payables with respect to FY 2024/25 expenditure	32,272
5	Opening cash flows as at 1st July 2025	21,864,319
	Closing Cash and Cash Equivalent as per the statement of Cash flows	44,519,922

21. Notes to the Financial Statement

1. General Information

KNEST Plc is established by and derives its authority and accountability from Companies Act, 2015. The KNEST Plc's is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to oversee the management of the government sponsored national pension scheme for all the marginalized informal sector workers.

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 entity'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 xx*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KNEST Plc, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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

i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	1 January 2026

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

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 30 June 2025.***

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January2027.Earlier application is permitted.

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 statements.

iii. Early adoption of standards

The KNEST Plc did not early – adopt any new or amended standards in the financial year.

4. Summary of Accounting Policies

The principal 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 entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity 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 KNEST Plc 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 KNEST Plc 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.

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 Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to the KNEST Plc 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 KNEST Plc 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.

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:

Item	Years	Rates
Motor vehicles, including motorcycles	5	20%
Computers and related equipment	3	33.3%
Office equipment	5	20%
Furniture and fittings	8	12.5%

Depreciation charge is recognised from the date of purchase or installation upto the date of 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.

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 derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) 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 entity 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 transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity 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.

j) 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. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL).

k) 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 through profit or loss (FVTPL).

l) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL).

m) 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 or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

n) Trade and other receivables

Trade and other receivables are recognized at amortized cost 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.

o) 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 Entity 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 Entity 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.

p) 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 entity and the same taxation authority.

q) 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.

r) 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.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

s) 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.

t) 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 entity or not, less any payments made to the suppliers.

u) Retirement benefit obligations

The KNEST Plc doesn't operate a defined contribution scheme for full-time employees. The company contributes to the statutory NSSF and Public Service Superannuation Scheme (PSSS). These are defined contribution schemes registered under the National Social Security Act and PSSS Act. The KNEST Plc's obligations under the schemes are limited to specific contributions legislated from time to time and is currently capped at Kshs.4,320 per employee per month for NSSF and 15% of employee basic salary for PSSF.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

Summary of Accounting Policies

x) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on June 6, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. KNEST Plc did not receive additional appropriations during the period under review.

The KNEST Plc's budget is prepared on a different 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, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. 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 Cash flows has been presented under section 20 of these financial statements.

y) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

z) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

aa) 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 June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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) Estimates and assumptions

The financial statements were prepared with the assumption that KNEST Plc is a going concern and will be in existence over the next 12 months from the reporting date.

b) Useful lives and residual values

The useful lives are assessed using the guidance by National Treasury policy on assets depreciation.

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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. KNEST Plc maintains provision for gratuity which it provides for monthly over the period of time which the contracted employees are in service to the company.

Notes to the Financial Statements (Continued)

6. Grants from National Government

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Recurrent grants received	193,854,250	140,299,420
Capital grants realized (see note below)	11,448,865	10,232,394
In kind contributions/ donations	-	-
Total	**205,303,115**	**150,531,814**

Note: For capital/development grants, the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20. Kshs 205,303,115 has been recognized in the Statement of Financial Performance whereby Kshs 193,854,250 is funding by the National Treasury and Kshs 11,448,865 is realized amortised charge for assets acquired using capital grant as well as assets which were transferred to KNEST at their fair value.

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. KShs	FY 2024-2025 Kshs	FY 2023-2024 Kshs
National Treasury	193,854,250	-	2,903,650	196,757,900	181,652,800
Total	**193,854,250**	**-**	**2,903,650**	**196,757,900**	**181,652,800**

7. Grants from Development Partner

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Funding from World Bank	47,251,564	-
Total	**47,251,564**	**-**

This is recognition of WB funding through the SAFER project which is managed by the National Treasury. The funding was for legal advisory and consultancy services consumed by KNEST Plc (see Note 9) whereby procurement and payment for the same was done through the National Treasury. The WB funding did not involve transfer of money to and from KNEST Plc.

8. Administration Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Staff costs (note (8a)	60,386,566	45,244,000
Directors' expenses	15,267,327	21,481,834
Rent expenses	-	-
Hospitality supplies and services	-	-
Advertising, printing, stationery and photocopying	4,032,328	3,052,804
Conferences and Delegations	12,527,235	4,622,540
Insurance costs	4,299,275	8,090,444
Inventory provisions	-	6,676,750
ICT accessories	149,100	1,260,940
Communication services and supplies	2,743,796	3,395,851
Staff training expenses	2,471,995	1,260,082
Transportation, travelling and subsistence	39,555,005	20,528,206

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Legal fees	-	-
Consultancy fees	-	-
Interest, charges and penalties	320,500	337,852
Office and general supplies and services	1,618,306	1,373,478
Auditors' remuneration	348,000	-
Repairs and maintenance	4,738,928	2,446,678
Provision for bad and doubtful debts	-	-
Depreciation	11,448,865	10,232,394
Amortization	-	-
Other Operating Expenses	6,725,040	-
Total	**166,632,267**	**130,003,853**

- Inventory provisions are promotional items issued out for use from the Stores.
- Communication services and supplies consists of airtime, website, network, internet and toll free and golden lines for ease of access by customers.
- Staff training expenses represent course fees for training programs.
- Interest, charges and penalties consist of bank fees and other charges.
- Office and general supplies and services consist of office expenses, car hire, courier services, subscriptions and licenses.
- Other Operating Expenses are made up of office branding and renovations. motor vehicle fuel; seedlings, fencing & labour for tree-growing exercise.

8(a) Staff Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries and allowances of permanent employees	56,983,443	40,622,131
Employer's contributions to national social security schemes	190,620	97,380
Employer's contributions to pension scheme	618,840	78,345
Employer's contribution to housing levy	510,463	324,544
Gratuity provisions	2,083,200	4,121,600
Total	**60,386,566**	**45,244,000**
The average number of employees at the end of the year was:		
Permanent employees – management	2	2
Permanent employees – non-management	3	3

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Temporary and contracted employees	17	17
Total	**23**	**22**

9. Expenditure funded by Development Partner

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Legal and Governance Advisory services	9,084,366	-
Consultancy services - Integrated Communications Strategy & Public Awareness Campaign	14,521,120	-
Consultancy services - Strategic Plan	23,646,078	-
Total	**47,251,564**	**-**

- Legal and Governance Advisory services is consultancy on legal and policy issues with regards to micro pensions. The disclosed expenditure represents payments for the consultancy done through the National Treasury during the period under review.
- Consultancy services - Integrated Communications Strategy & Public Awareness Campaign is for development of awareness creation and member mobilization strategy in readiness for the launch and roll out of KNEST Pension Scheme. The disclosed expenditure represents payments for the consultancy done through the National Treasury during the period under review.
- Consultancy services - Strategic Plan is for development of KNEST Plc Inaugural Strategic Plan for the period 2025 to 2027. The disclosed expenditure represents payments for the consultancy done through the National Treasury during the period under review.

10. Operating Profit/ (Loss)

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 8a)	60,386,566	45,244,000
Depreciation of property, plant and equipment	11,448,865	10,232,394
Directors' expenses	15,207,327	21,481,834
Auditors' remuneration - current year fees	348,000	-

11. Income Tax Expense/(Credit)

(a) Income tax charge/ credit

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current taxation based on the adjusted Profit for the year at 30%	-	-
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
Total	-	-

(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Profit before taxation	38,670,848	20,527,961
Tax at the applicable tax rate of 30%	-	-
Prior Year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over Depreciation/Amortization	-	-
Deferred tax Prior Year Over-Provision	-	-
Total	-	-

12. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. 38,670,848 (FY 2023/24: Kshs. 20,527,961) by the average number of ordinary shares in issue during the year of NIL (FY 2023/24: NIL). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

13. Dividend per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). No dividends were declared for the period under review.

14. Property, Plant and Equipment

Description	Motor vehicles	Furniture & fittings	ICT equipment	Office equipment	Total
Depreciation rate	20%	12.5%	33.3%	20%	
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
As at 1st July 2023					
Additions	32,904,400	3,763,680	2,869,000	1,816,300	41,353,380
Disposals	-	-	-	-	-
Transfers/Adjustments	-	10,316,446	2,496,000	2,042,660	14,855,106
As at 30th June 2024	**32,904,400**	**14,080,126**	**5,365,000**	**3,858,960**	**56,208,486**
Additions	-	-	2,266,044	637,606	2,903,650
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-
As at 30th June 2025	**32,904,400**	**14,080,126**	**7,631,044**	**4,496,566**	**59,112,136**
Depreciation And Impairment					
As at 1st July 2023	-	-	-	-	-
Depreciation	(7,428,551)	(96,009)	(209,014)	(71,956)	(7,805,530)
Impairment	-	-	-	-	-
Transfers/ Adjustments	-	(1,240,229)	(793,730)	(392,905)	(2,426,864)
As at 30th June 2024	**(7,428,551)**	**(1,336,238)**	**(1,002,744)**	**(464,861)**	**(10,232,394)**
Depreciation	(6,580,880)	(1,760,016)	(2,268,218)	(839,752)	(11,448,865)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
As at 30th June 2025	**(14,009,431)**	**(3,096,253)**	**(3,270,962)**	**(1,304,613)**	**(21,681,259)**
As at 30th June 2024	**25,475,849**	**12,743,888**	**4,362,256**	**3,394,099**	**45,976,092**
As at 30th June 2025	**18,894,969**	**10,983,873**	**4,360,081**	**3,191,953**	**37,430,877**

Valuation

Transferred assets are recognized at their fair value being the cost incurred to acquire the assets transferred to the company.

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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	32,904,400	14,009,431	18,894,969
Computers And Related Equipment	7,631,044	3,270,962	4,360,081
Office Equipment	4,496,566	1,304,613	3,191,953
Furniture, And Fittings	14,080,126	3,096,253	10,983,873
	59,112,136	**21,681,259**	**37,430,877**

There were no Property Plant and Equipment assets that were fully depreciated.

15. Inventories

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Merchandise	21,045,500	21,045,500
Less: Impairment of Stocks	(-)	(-)
Total	**21,045,500**	**21,045,500**

15 b) Consumables

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Merchandise	21,045,500	21,045,500
Less: Impairment of Stocks	(-)	(-)
Total	**21,045,500**	**21,045,500**

Details of inventory movement

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At the beginning of the year	21,045,500	-
Additional Inventory during the year	-	27,722,250
Inventory consumed through P&L	(-)	(6,676,750)
Inventory consumed in making of other assets	(-)	(-)
Written off during the year	(-)	(-)
Others specify	-	-
At the end of the year	**21,045,500**	**21,045,500**

The inventory was purchased during prior year for purposes of KNEST launch and roll out. Since the launch and roll out has not taken place, no merchandise was issued out for use during the period under review and thus there was no movement in the inventory balance.

16. Trade and Other Receivables

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trade Receivables (Note 16 (a)	-	-
Deposits and prepayments	571,488	746,839
Vat recoverable	-	-

Staff receivables	-	-
Other receivables	405,262	23,901
Gross Trade and Other Receivables	**976,750**	**770,740**
Provision for Bad And Doubtful Receivable	(-)	(-)
Net Trade and Other Receivables	**976,750**	**770,740**
Analysed as:		
Short- Term Trade and Other Receivables	**976,750**	**770,740**
Long- Term Trade and Other Receivables	-	-

17. Bank and Cash Balances

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Cash at bank	44,519,922	21,864,319
Cash in hand	-	-
Total	**44,519,922**	**21,864,319**

The cash at bank is held at Kenya Commercial Bank, the entity's main bankers.

Detailed analysis of the cash and cash equivalents

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial Bank	1305062639	44,519,922	21,864,319
Sub- Total		**44,519,922**	**21,864,319**
Grand Total		**44,519,922**	**21,864,319**

There is existence of five bank accounts being accounts no 1305062477, 1305691997, 1332502164, 1332591604 and 1332947026 which were opened for the KNEST Pension Scheme which is currently not operational. The KNEST Pension Scheme is a different entity from KNEST Plc.

18. Ordinary Share Capital

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs

Authorized:		
10,000,000 Ordinary Shares of Kshs 1 par value each	**10,000,000**	**10,000,000**
Issued and Fully paid:		
Ordinary Shares of Kshs 1 par value each	-	-

Shares were not issued as at the end of the period under review.

19. Fair Value Adjustment Reserve

For the purpose of these statements, the fair value adjustment reserve arises on the valuation of assets acquired by KNEST Plc through transfer from the parent Ministry in the prior period. To account for the value of the assets recognized in the books, the reserve shall be amortized over the useful life of the acquired assets.

20. Retained Earnings

The retained earnings represent amounts available for distribution to the KNEST Plc's shareholders. Undistributed retained earnings are utilised to finance the KNEST Plc's business activities.

21. Trade and Other Payables

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trade payables	379,323	18,792,008
Accrued expenses	464,512	3,600
Retention/ Contract monies	-	-
Deposits	-	-
Employee payables	293	-
Other payables (*KRA, NSSF, PPRA*)	100,352	234,620
Other payables	-	770
Total	**944,480**	**19,030,999**

Aging Analysis for Trade and other Payables

Description	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	944,480	100%	19,030,999	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	**944,480**		**19,030,999**	

22. Provisions

Description	Gratuity provisions	Total
	Kshs	Kshs
Balance at the beginning of the year	4,121,600	4,121,600
Additional provisions	2,083,200	2,083,200
Provision utilised	(-)	(-)
Change due to discount and time value for money	-	-
Less: current portion	(-)	(-)
Balance at the end of the year	6,204,800	6,204,800

23. Notes to the Statement of Cash Flows

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	38,670,848	20,527,961
Depreciation	11,448,865	10,232,394
Transfers/ capital grants recognized in Net assets	2,903,650	41,353,380
Amortised capital grant	(11,448,865)	(10,232,394)
Operating Profit/(Loss) before Working Capital changes	41,574,498	61,881,341
(Increase)/Decrease in Inventories	-	(21,045,500)
(Increase)/Decrease in Trade and Other Receivables	(206,010)	(770,740)
Increase/(Decrease) in Trade and Other Payables	(18,086,519)	19,030,999
Increase/(Decrease) in Provisions	2,083,200	4,121,600
Cash Generated from/(used In) operations	**25,365,169**	**63,217,700**
(b) Analysis of Cash and Cash equivalents		
Short Term Deposits	-	-
Cash At Bank	44,519,922	21,864,320
Cash In Hand	-	-
Balance At End Of The Year	**44,519,922**	**21,864,320**

24. Related Party Disclosures

Government of Kenya

The Government of Kenya through the National Informal Sector Pensions Plc is the principal shareholder of KNEST Plc, holding 100% of the equity interest. The Government of Kenya provides full guarantees to all long-term lenders of the entity, both domestic and external. *In the period under review, KNEST Plc did not have any long-term loan.*

Other related parties include:

i) The National Treasury
ii) The National Informal Sector Pensions Plc
iii) The World Bank
iv) Key management
v) Board of directors

Transactions with related parties

Description	**FY 2024-2025**	**FY 2023-2024**
	Kshs	**Kshs**
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Interest income from govt commercial banks	-	-
Interest income from bills and bonds	-	-
Others (*specify*)	-	-
Total	**-**	**-**
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Bank charges paid to govt commercial banks	-	-
Interest expense to investments by other govt. Entities	-	-
Others (*specify*)	-	-
Total	**-**	**-**
c) Grants from the government		
Grants from National Government	196,757,900	181,652,800
Grants from County Government	-	-
Grants from World Bank	47,251,564	-
Donations in kind	-	-
Total	**244,009,464**	**181,652,800**
d) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	**-**	**-**
e) Key management compensation		
Directors' emoluments	7,440,000	11,113,432
Compensation to key management	26,186,807	21,819,004
Total	**33,626,807**	**32,932,436**

25. Capital Commitments

No capital commitments were made in the period under review.

26. Contingent Assets and Liabilities

There are no contingent assets and contingent liabilities in the period under review. In the opinion of the directors, no provision is required in these financial statements for contingent assets and contingent liabilities.

27. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. 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 does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The entity 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.

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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	976,750	976,750	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	44,519,922	44,519,922	-	-
Total	**45,496,672**	**45,496,672**	-	-
At 30 June 2024				
Receivables from exchange transactions	770,740	770,740	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	21,864,319	21,864,319	-	-
Total	**22,635,059**	**22,635,059**	-	-

Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

KNEST Plc is not a trading company and for that reason, it does not have receivables from customers. Furthermore, KNEST Plc does not have significant concentration of credit risk on amounts due from any party.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

KNEST Plc does not have credit policies since it is not a trading company.

ii) Liquidity risk management

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

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	833,639	83,241	27,600	944,480
Current portion of borrowings	-	-	-	-
Provisions	173,600	347,200	5,684,000	6,204,800
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**1,007,239**	**430,441**	**5,711,600**	**7,149,280**
At 30 June 2024				
Trade payables	-	19,030,999	-	19,030,999
Current portion of borrowings	-	-	-	-
Provisions	173,600	347,200	3,600,800	4,121,600
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**173,600**	**19,551,799**	**3,427,200**	**23,152,599**

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test 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 entity'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.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other Currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets			
Investments	-	-	-
Cash	44,519,922	-	44,519,922
Debtors	976,750	-	976,750
Financial Liabilities			
Trade and Other Payables	944,480	-	944,480
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	**44,552,192**	-	**44,552,192**

The entity manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The KNEST Plc transacts entirely in Kenya Shillings and is therefore not exposed to transactional currency exposure.

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

There were no foreign currency transactions in the period under review.

Details	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2025			
Euro	10%	Not applicable	Not applicable
USD	10%	Not applicable	Not applicable
2024			
Euro	10%	Not applicable	Not applicable
USD	10%	Not applicable	Not applicable

c) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result 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. *KNEST Plc was not exposed to interest rate risk in the period under review.*

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 entity 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 and five percentage points.

KNEST Plc was not exposed to interest rate risk in the period under review.

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 *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- **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 *entity* considers relevant and observable market prices in its valuations where possible.

KNEST Plc had no instruments invested in as at the end of the reporting period.

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

At 30 June 2025	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets				
Quoted equity investments	Not applicable	Not applicable	Not applicable	-
Non- financial assets				
Investment property	Not applicable	Not applicable	Not applicable	-
Land and buildings	Not applicable	Not applicable	Not applicable	-
	-	-	-	-
At 30 June 2024				
Financial assets				
Quoted equity investments	Not applicable	Not applicable	Not applicable	-
Non- financial assets				
Investment property	Not applicable	Not applicable	Not applicable	-
Land and buildings	Not applicable	Not applicable	Not applicable	-
	-	-	-	-

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

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	59,392,892	20,527,961
Capital /Development grant reserve	27,532,639	33,547,850
Fair value adjustment reserve	9,898,238	12,428,242
Total Funds	**96,823,769**	**66,504,053**
Total Borrowings	-	-
Less: Cash and Bank balances	(44,519,922)	(21,864,319)
Net Debt/(Excess Cash and Cash Equivalents)	(44,519,922)	(21,864,319)
Gearing	**(46%)**	**(33%)**

28. Incorporation

KNEST Plc is incorporated in Kenya under the Companies Act, 2015 and is domiciled in Kenya.

29. Events after the Reporting Period

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

22. 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 Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Unsupported motor vehicle repairs	It is true that there were no pre- and post-inspection reports done by the mechanical department before and after repairs carried out on. During the period under review, Management has constituted and Inspection Committee that ensures pre- and post-inspection of motor vehicles before and after service. The same applies to inspections undertaken by Mechanical before service of the vehicles.	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Budgetary Control and Performance.	It is true that Trust spent Kshs 118,435,100 on a comparable basis against actual receipts on a comparable basis of Kshs.181,652,800. However, the Kshs 118,435,100 related to recurrent expenditure only. The Trust also spent Kshs 41,353,380 on capital expenditure thus bringing the total expenditure on a comparable basis to Kshs 159,788,480. During the period under review, Management has continued to obtain Board approval for budget reallocations. The budget	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		reallocations aligned the budget with the activities of the Corporation with the aim of ensuring realistic plans.		
	Irregular and unapproved Board and Committee Meetings	KNEST Plc was still at its nascent stage of operationalization necessitating Board engagements to approve a number of processes and procedures. During the period under review, the Board has conducted its activities in strict adherence to plan and additional meetings have been duly approved.	Resolved	
	Slow Progress of Attainment of Entity Mandate and Its	KNEST was unable to launch the scheme due to a Presidential	Not Resolved	End of second quarter of FY 2025/2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Predetermined Objectives	Directive linking the long-term savings component of the Hustler Fund to the scheme's rollout. Consequently, KNEST had to engage the Financial Inclusion Fund (FIF) on their readiness to integrate the long-term savings component. This engagement is ongoing. Under pension regulations, a scheme can only receive funds alongside individual member data—collectively referred to as trust assets. This means that the funds from FIF cannot move to KNEST Scheme in their current		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		form unless they are appropriately reconciled and linked to the members. This is not the format that the FIF funds had adopted as both the data and funds are held by separate third parties. KNEST continues to engage FIF to conclude its data reconciliation and funds transfer together with accompanying member data. FIF has committed to conclude the data clean-up and the process is at the tail end and is expected to be concluded within the second quarter of FY 2025/2026.		
	Late Submission of Financial Statements	It is true that the financial statements	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		were presented on 1st October 2024 instead of 30th September 2024. With respect to the period under review, Management ensured compliance with the set timelines by submitting the financial statements for financial year 2024/25 on 28th August 2025.		
	Failure by KNEST to File an Annual Returns with Registrar	It is true that KNEST Plc had not filed returns with the Registrar of Companies. Management was in the process of updating its records with the Registrar before commencing filing of annual returns. During the period under	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		review, the Annual returns were duly filed.		

....

Rose Musonye Kwena

Chief Executive Officer

August 7, 2025

Appendix II: Projects implemented by KNEST Plc

Projects

KNEST Plc had no development projects being implemented in the period under review

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

KNEST Plc had no development projects being implemented in the period under review

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix IV: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds				Where Recorded/Recognized				
	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - Kshs	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
National Treasury	August 15, 2024; December 17, 2024; March 18, 2025; and July 8, 2025.	Recurrent	196,757,900	193,854,250	2,903,650	-	-	-	196,757,900
Total			**196,757,900**	**193,854,250**	**2,903,650**	**-**	**-**	**-**	**196,757,900**

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity…The National Treasury…………

Name of Beneficiary entity…… Kenya National Entrepreneurs Savings Trust Plc ….

Confirmation of amounts received by Kenya National Entrepreneurs Savings Trust Plc as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1044673/0080	August 15, 2024	42,207,500	-	42,207,500	
1044673/3948	December 17, 2024	56,135,400	-	56,135,400	
1044673/9884	March 18, 2025	49,207,500	-	49,207,500	
1044673/23487	July 8, 2025	49,207,500	-	49,207,500	
Total		**196,757,900**		**196,757,900**	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - The National Treasury:

Name …George K. Gichuru… **Sign** ………………………… **Date** …25/8/25

Head of Accounts Department - Kenya National Entrepreneurs Savings Trust Plc:

Name …MUTIGA WANJAU… **Sign** ………………………… **Date**…25TH AUGUST 2025

Appendix VI: Reporting of Climate Relevant Expenditures

KNEST Plc
(254) 020 2252299
info@knest.go.ke
Ms. Rose Musonye Kwena

Name and contact details of contact person (in case of any clarifications) … Mr. Alex Tum ………

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Adoption of five (5) hectares of degraded forest areas in Cheptais for rehabilitation.	Adoption of five (5) hectares of degraded forest areas in Cheptais for rehabilitation.	1. Implementation of Presidential directive to achieve and maintain a tree cover of 30% by 2032. 2. Grow and nurture 15 billion national tree growing program.	• Mapping exercise, • Fencing exercise, • Joint tree growing. • Joint Monitoring Exercise	309,300	-	-	2,486,526	National Government	KNEST Plc, KFS
Kaptagat Integrated Conservation Programme	Kaptagat Integrated Conservation Programme	Collaboration with the National Treasury in restoration of degraded forest land.	Tree planting	33,600	-	-	-	National Government	National Government, County Governments of Elgeyo Marakwet and Uasin Gishu, WWF-Kenya,

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
									UNDP-Kenya, CFAs, private sector
Tree planting at Geta Forest	Tree planting at Geta Forest	Collaboration with the National Treasury in restoration of degraded forest land	Tree planting	-	42,600	-	-	National Government	National Treasury
Accelerated landscape and ecosystem restoration at Kinale Forest	Accelerated landscape and ecosystem restoration	Landscape and ecosystem restoration	Joint Tree growing monitoring Exercise	63,000	-	-	-	National Government	KNEST Plc, KFS
Tree planting at Sorget Forest	Tree planting at Sorget Forest	Collaboration with the National Treasury in restoration of degraded forest land	Tree planting	-	52,200	-	-	National Government	KNEST Plc, KFS

In the financial year 2024/25, KNEST Plc adopted and fenced 5 hectares of Cheptais Forest in Bungoma County and planted 5,000 trees in collaboration with Kenya Forest Service (KFS), Cheptais Community Forest Association (CFA) and area community members. The fencing and tree planting exercise was undertaken between 16th and 20th May 2025. The tree growing exercise initiative in Cheptais will contribute significantly to environmental conservation, biodiversity restoration and climate resilience.

KNEST Plc further carried out a joint monitoring exercise with KFS in Cheptais and Kinale Forest, Kiambu County within the financial year under review. The Corporation spent Kshs 2,986,956 on tree-growing activities during the financial year under review. Apart from tree-growing, the Corporation did not engage in other Climate Relevant Expenditures.

Appendix VII: Reporting Disaster Management Expenditure

There were no programmes on disaster management undertaken by the KNEST Plc during the period under review.

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments