REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

PARLIAMENT OF KENYA LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE 11 MAR 2025 DAY Tuesday
TABLED BY: Hon Owen Baya MP Deputy Majority leader
CLERK-AT THE-TABLE: Getrude Chebet

OF THE AUDITOR-GENERAL

ON

NATIONAL SOCIAL SECURITY FUND

FOR THE YEAR ENDED 30 JUNE, 2024

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 30084-00100, NAIROBI
RECEIVING REGISTRY
20 DEC 2024
RECEIVED

NATIONAL SOCIAL SECURITY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

Prepared in accordance with the International Financial Reporting Standards (IFRS)

Leave blank.

Table of Contents **Page**

1. ACRONYMS AND GLOSSARY OF TERMS ii
2. KEY ENTITY INFORMATION iii
3. THE BOARD OF TRUSTEES x
4. KEY MANAGEMENT TEAM xiv
5. FIDUCIARY MANAGEMENT xvi
6. CHAIRMAN'S STATEMENT xix
7. REPORT OF THE CHIEF EXECUTIVE OFFICER/MANAGING TRUSTEE xx
8. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/24 xxii
9. CORPORATE GOVERNANCE STATEMENT xxiv
10. MANAGEMENT DISCUSSION AND ANALYSIS xxix
11. ENVIRONMENTAL AND SUSTAINABILITY REPORTING xxxviii
12. REPORT OF THE TRUSTEES xlvi
13. STATEMENT OF DIRECTORS' RESPONSIBILITIES xlviii
14. REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR 2024 l
15. STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR YEAR ENDED 30TH JUNE 2024 1
16. STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 30 JUNE 2024 2
17. STATEMENT OF CHANGES IN ACCUMULATED MEMBERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2024 3
18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024 4
19. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2024 5
20. NOTES TO THE FINANCIAL STATEMENTS 9
21. Appendices 63

1. ACRONYMS AND GLOSSARY OF TERMS

Provide the list of acronyms and glossary of terms used in your annual report and financial statements.

AUC	Asset Under Construction
CEO	*Chief Executive Officer*
CGU	*Cash Generating Unit*
DCF	Discounted Cash Flow
DG	*Director General*
ECL	Expected Credit Loss
FVOCI	*Fair Value Through Other Comprehensive Income*
FVTPL	*Fair Value Through Profit and Loss*
IAS	*International Accounting Standards*
IFRS	*International Financial Reporting Standards*
KCB	*Kenya Commercial Bank*
MT	*Managing Trustee*
NSSF	*National Social Security Fund*
NT	*National Treasury*
OCI	Other Comprehensive Income
OTC	*Over the Counter*
PFM	*Public Finance Management*
PFMA	*Public Finance Management Act.*
PPE	*Property, Plant and Equipment*
PSASB	*Public Sector Accounting Standards Board*
RBA	*Retirement Benefits Authority*
SDG	*Sustainable Development Goals*
USD	*United States Dollar*

2. KEY ENTITY INFORMATION

a) Background information

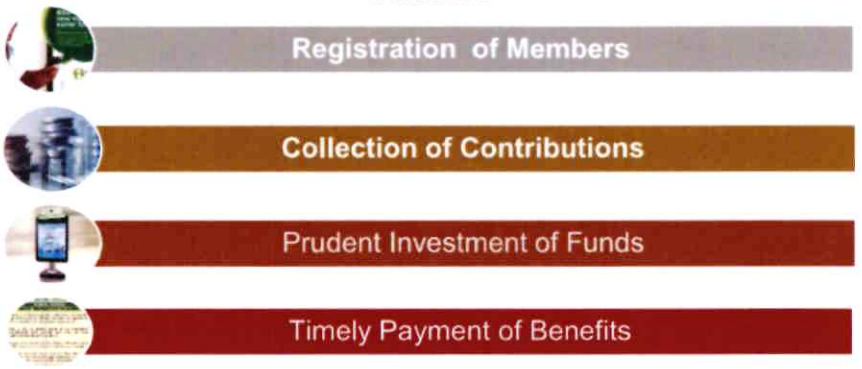
The National Social Security Fund (NSSF) is established under the National Social Security Fund Act Cap 258 Laws of Kenya. At the Cabinet level, NSSF is represented by the Cabinet Secretary in charge of Labour. The Fund is governed by a Board of Trustees constituted as per the NSSF Act, with a tripartite representation from the most representative workers' organization, the most representative employers' organization and the Government of Kenya (through the Ministry of Labour, and the National Treasury). The Board is responsible for the general policy and strategic direction of the Fund.

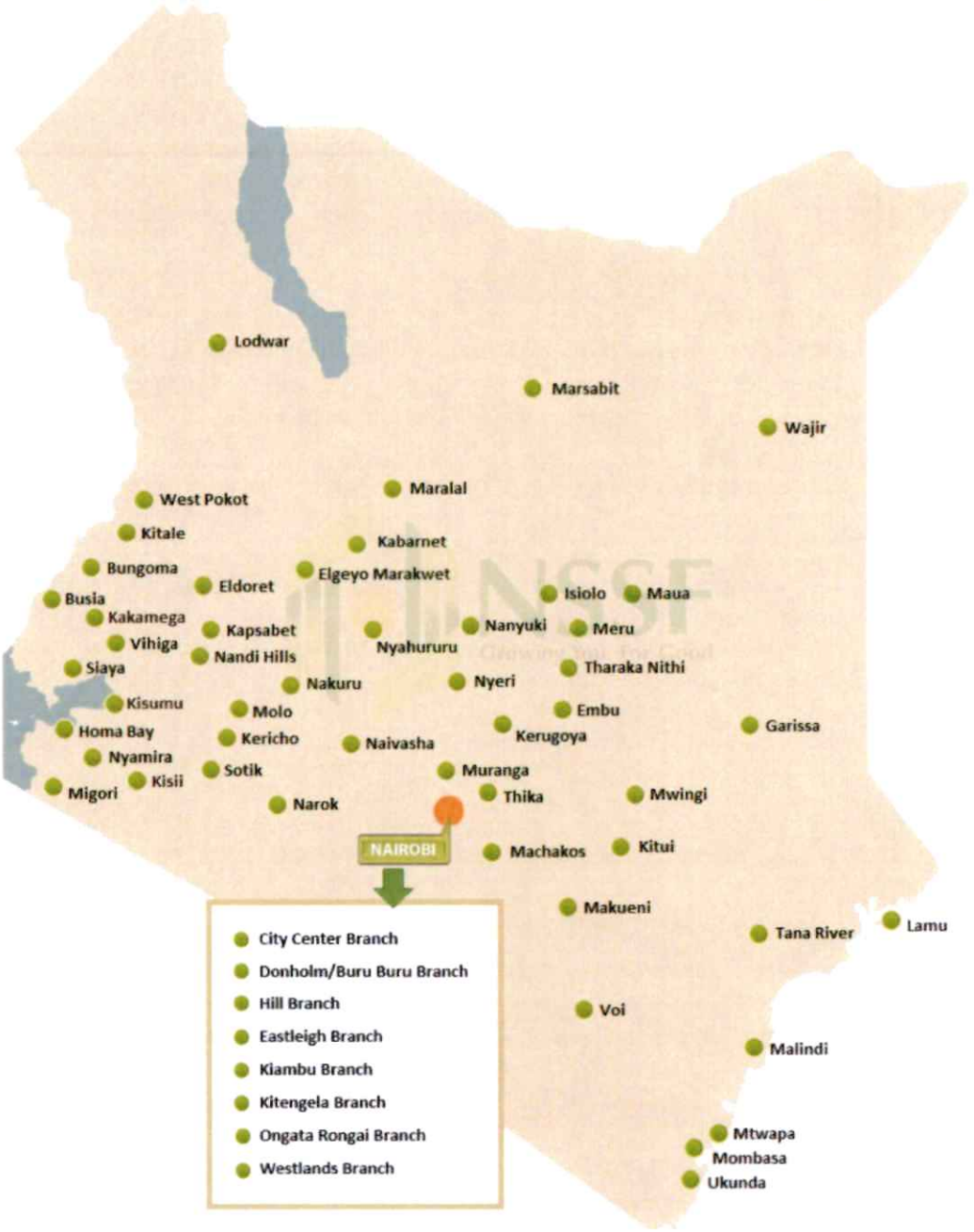
b) Principal Activities

The principal activity of the Fund is to provide social security to Kenyan workers. We achieve this by registering members, receiving their contributions, investing the funds prudently, and processing benefits to pay out to eligible members or their dependants when their claims become due.

- The Vision of the Fund is to be the Trusted Social Security Provider delivering exceptional value to our members.
- Mission statement is to empower our members to achieve financial security through prudent investments and value adding solutions.
- The Core Values of the Fund are: Member-Centric; Integrity; Innovation; Collaboration.

Mandate




Lodwar
Marsabit
Wajir
Maralal
West Pokot
Kitale
Kabarnet
Bungoma
Elgeyo Marakwet
Eldoret
Busia
Isiolo
Maua
Kakamega
Kapsabet
Nanyuki
Meru
Vihiga
Nyahururu
Nandi Hills
Siaya
Tharaka Nithi
Nakuru
Nyeri
Kisumu
Molo
Embu
Homa Bay
Kericho
Naivasha
Kerugoya
Garissa
Nyamira
Sotik
Muranga
Kisii
Migori
Thika
Mwingi
Narok
NAIROBI
Machakos
Kitui
Makueni
Tana River
Lamu
Voi
Malindi
Mtwapa
Mombasa
Ukunda
City Center Branch
Donholm/Buru Buru Branch
Hill Branch
Eastleigh Branch
Kiambu Branch
Kitengela Branch
Ongata Rongai Branch
Westlands Branch

Branch Network and Contact Information

Western & Nyanza Region:

Regional Office Al Imran Plaza, 3rd Floor Oginga Odinga Street P.O. Box 1037 - 40100 Kisumu. Tel:+254732680019	**Kakamega Branch** 1st Floor, Ambwere Furaha Centre, Sudi Road, P.O Box 833 -50100, Kakamega. Tel:0562031489/056 2030428/+254737409418	**Bungoma Branch** Catholic Building, 1st Floor, Mumias Road P.O Box 572 - 50200 Bungoma. Tel: 055-2030123 / +254737409456	**Vihiga Sub Branch** 1st Floor, Cherry House P.O Box 1446 - 50300, Maragoli, Tel: 056 02031110	**Kisumu Branch** Al Imran Plaza, 3rd Floor Oginga Odinga Street P.O. Box 1037 - 40100 Kisumu. Tel: +254737409447 & 057 2024338	**Homabay Branch** Luore Plaza, 1st Floor, Bank Road P.O Box 167—40300. Homabay. Tel: +254737409446
Busia Branch Rasto-Park Plaza, Ground Floor Off Kisumu -Busia Road P. O. Box 109-50400, Busia. Tel. +254055-2322270 / +254737409441	**Migori Branch** Pesoda Plaza, 1st Migori CBD, Along Migori-Isibania Highway P.O Box 513- 40400 Migori. Tel.+254786222323	**Kisii Branch** 1st Floor, Magsons Plaza, Hospital Road P.O.Box 898-40200, Kisii. Tel. 05820-30206 / +254737409394	**Siaya Branch** Mwalimu Plaza, 1st Floor P.O. Box 1169-40600 Siaya. Tel: 057 5321747/ +254737409 390	**Nyamira Sub-Branch** Happyline Centre, 2nd Floor P.O Box 249- 40500 Nyamira. Tel: 0586144000 / & +254780525249	

Rift Valley Region

Regional Office AFC Building, 1st Floor Kijabe Row, P. O. Box 1510-20100 Nakuru. Tel: +254 051-2216449	**Sotik Branch** Patnas (Bureti) Sacco Building, opposite Sotik Police Station, P.O Box 947, Sotik. Tel: +254737409413	**Kitale Branch** Ambwere Plaza, Ground Floor, P.O. Box 49 – 30200 Kitale. Tel: +254 054 30861/ +254737409463	**Eldoret Branch** Uganda Road Kiptagich House, 6th Floor P.O. Box 1120-30100 Eldoret. Tel: +254 0532062284/ 0532061476	**Narok Branch** Oltalet Mall – 1st Floor - Narok - Mai-Mahiu Rd P.O Box 443-20500, Narok. Tel: +254 050-2222062/ +254737409439	**Lodwar Branch** Northlands Blding, Next to Doctor's Mini-Plaza. P.O. Box 106 -30500 Lodwar. Tel. +254735 888877
Elegeyo Markwet/ Kapsowar Sub-Branch Marakwet Teachers Housing Sacco P.O Box 266- 30705 Kapsowar Tel. +254737090120 & +254722647216	**West Pokot Sub-Branch** Paves Vetagro Building, 1st Floor Behind Suntech Supermarket Kitale- Kapenguria Road P.O Box 494—30600 Kapenguria Tel.+254732206035	**Kabarnet Branch** Mart Properties Plaza Kabarnet / Nakuru Junction. P.O. Box 14-30400, Kabarnet. Tel: +254 05322162	**Molo Sub Branch** Maziwa House, 1st Floor, Next to Post Bank Opposite Riva Petrol Station Molo Town. P.O Box 214-20106 Molo. Tel. +254771889439	**Kapsabet Branch** AFC Building 1st Floor P.O Box 1122- 30300 Kapsabet. Tel: +254 053-5252113 / +254735888887	**Nakuru Branch** Polo Centre 1st Floor P O Box 1510 - 20100, Nakuru. Tel: +254 051-2210952/3

Naivasha Branch Wagi House, Kenyatta Avenue P. O. Box 361 - 20117, Naivasha. Tel: +254737409437	**Kericho Branch** Sinendet Towers, 2nd Floor Ksm-Nbi Highway P. O. Box 586 - 00200 Kericho. Tel.+254737 409 470	**Nandi Hills Branch** Post Office Building – Opp. Nandi Police Stn. P.O Box 207, Nandi-Hills Tel.+254737 408 423			
Nairobi Region					
Regional Office Bruce House, 5th Floor P.O Box 50397- 00200 Nairobi Mobile +254737409453	**Industrial Area Branch** Simco Plaza, 3rd Floor P.O Box 30451—00100 Nairobi Tel. +254737409457	**Ongata Rongai Branch** Maasai Mall 2 Floor P.O Box 665-00511 Ongata Rongai Tel. +25445-3123112 / +254731-032 088	**Eastleigh Branch** Eastleigh Mall, 1st Floor, General Wariunge Street P.O Box 7800-00610, Nairobi. Tel: +254739102003	**Kiambu Branch** Mapa House, 2nd Flr, Biashara Street P O Box 713 – 00900, Kiambu Tel.+254737 633 914	**Machakos Branch** Nijrang Building, 1st Floor Bolumalu Road P.O Box 525- 90100, Machakos Tel. +254737409412
City Centre Branch Bruce House, 5th Floor, Standard Street P.O Box 50397—00200 Nairobi Tel. +254 020 2228068 /+254020 2228276	**Westlands Branch** Woodvale Centre, Woodvale Grove P.O Box 66575-00800 Nairobi Tel. +254737409416	**Hill Branch** Social Security House, Block C, P. O. Box 45969 - 00100, Nairobi Tel. 0202713844/46/48/51 /0737090169	**Donholm Branch** The Point-Buruburu Along Rabai Road Opp. Kenol Petrol Station P. O Box 1387-00515, Buruburu Tel: +254773780210	**Kitengela Branch** Ground and First Floor, Africa House, P. O. Box 529 – 00242, Kitengela Tel. +254739102009	
Central & Eastern Region					
Regional Office Sohan Plaza - 2nd Floor Kimathi Way P. O. Box 308 – 10100, Nyeri Tel: 061 – 2031140	**Nyeri Branch** Sohan Plaza - 2nd Floor P. O. Box 308—10100, Nyeri. Tel: (061) 2032103/ +254737409455	**Thika Branch** Thika House Ground Floor On Kwame Nkurumah Street P.O Box 844-01000, Thika.Tel. - 067-2222279 / +254737409391	**Mwingi Branch** Po Box: 432-90400 LDP Building Along Mwingi-Garissa Highway, Ground Floor. Tel. 044-822339/822340 /+254737409465	**Kitui Branch**: Muli Mall, Ground Floor, Mukuti Street. P. O. Box 641-90200, Kitui. Tel 044-4422239, +254737 409 417	**Kerugoya Branch** Bingwa Saaco Building, 1st Floor, P. O. Box 600-10300, Kerugoya Tel. +254737 409471
Nyahururu Branch Barclays Bank House, Sharp Road P O Box 148- 20300, Nyahururu Tel- 065-2032943	**Muranga Branch** Pala Plaza, Ground Floor Kenyatta Avenue P.O Box 168 -10200, Muranga Tel: 060-2030313	**Marsabit Branch** Ngamia Mall, Opposite Shell Petrol Station, P.O Box 88-60500, Marsabit Tel. 0702 463901	**Tharaka Nithi Sub Branch** New Mutegi Murango Building, Chuka Town, P.O Box 320 - 60400, Chuka, Kenya	**Isiolo Sub Branch** Saada Arcade Ground Floor, Behind Shamz Hotel P.O. Box 730-60300, Isiolo	**Meru Branch** Ncheege Plaza 1st Floor. Kirikuri Street. Tel No 064 3132912 Mobile: 0737 409 474

/ 037409459	/ +254737409473		Tel: +254731883332	Tel: +254702463888	
Embu Branch Eastern Emporium Bldg. Kenyatta Highway P.O Box 316- 60100, Embu Tel; +254734317315 /0737409460	**Maua Sub- Branch** Nyambene Synod Plaza Ground Floor Meru Maua Road P.O Box 3-60600, Maua Tel: +254731883362	**Maralal Branch** Saidia Building, Opp County Treasury Offices. P. O. Box 258-20600, Maralal. Tel. 065-5062047 / 0737409433	**Nanyuki Branch** Silver Plaza, Ground Floor Along Kenyatta Highway P.O Box 226-10400, Nanyuki Tel: +254737409444		
Coast & North Eastern Region					
Regional Office Social Security House, Nkrumah Road, P. O. Box 90490-80100, Mombasa Tel.: 041- 2223426/19	**Lamu Sub-Branch** Majid Swaleh Hemed Building P.O Box 389- 80500, Lamu Tel: 254737409410	**Voi Branch** Haji Plaza, Ground Floor, Biashara Street. Telephone: 043-2030129 Mobile: +254737409398	**Wajir Branch** Juba Building, Orahey- Works Road, Ground Floor Po Box 326 -70200, Wajir Tel.: +254737409411	**Malindi Branch** 1st Floor Al- Noor Plaza- Jomo Kenyatta Road P. O. Box 290- 80200, Malindi. Telephone :(254) 42 2130003 Fax :(254) 42 2120819 Tel.: +254737409449	
Mombasa Branch Ground Floor, social Security House, Nkurumah Road, **Mombasa** Tel: 041- 2223426/19	**Tana River Sub- Branch** Said Omar House P. O. Box 204 -70101, Hola Tel: +254780002200 +2547738110858	**Ukunda Branch** Tiosgima Plaza, Beach Road, P.O. Box 1076-80400 Ukunda. Tel: +254737 409434	**Garissa Branch** 1st Floor, Lilac Centre, Kismayu Road, P.O Box 378-70100, Garissa, Tel: +254737409468	**Mtwapa Branch**; Mtwapa Mall, 1st Floor Mombasa-Malindi Road P.O Box 733 – 80109 Mtwapa Tel. +254786222322	

c) Directors

No.	Trustee	Position	Appointment
1	Mr. David Kariuki Njeru	Board Chairman	13.03.2024
2	Mr. Shadrack Mwangolo Mwadime, EBS	PS Labour & Skills Development	05.10.2023
3	Dr. Chris K. Kiptoo	PS, National Treasury	01.12.2022
4	FCPA Dr. Anne Owuor, EBS	Trustee representing FKE	28.10.2021
5	Mr. Isaac Mbingi Okello	Trustee representing COTU	28.10.2021
6	Ms. Rose Omamo	Trustee representing COTU	04.05.2022
7	Dr. Isaac Kaberia Kubai	Independent Trustee	24.02.2023
8	Dr. Musa Nyandusi	Alternate to PS Labour	06.03.2023
9	Mr. Amos Cheptoo	Alternate to PS Treasury	24.03.2023
10	Dr. Milkah Chebii	Independent Trustee	24.02.2023
11	Mr. Michael Macharia	Trustee representing FKE	17.05.2023
12	Mr. David Tito Koross	Managing Trustee/CEO	26.05.2023

d) Corporate Secretary

Ms. Kellen Njue
P.O. Box 30599-00100,
Nairobi.

e) Corporate Headquarters and Registered Office

Social Security House, Bishops Road,	Toll Free: 0800 2212744
P.O Box 30599-00100	E-Mail: info@nssfkenya.co.ke
Nairobi, Kenya.	Website: www.nssf.or.ke
Telephone: +254 020 2729911	Twitter: nssf_ke Facebook: nssfkenya

f) Corporate Bankers

1. KCB Bank Kenya Limited	2. National Bank of Kenya
3. Co-operative Bank of Kenya	4. Equity Bank Kenya
5. Diamond Trust Bank	6. Stanbic Bank Kenya
7. Standard Chartered Bank	8. E Citizen
9. Mpesa	

g) Independent Auditors

Auditor-General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100,
Nairobi, Kenya

h) Principal Legal Advisers

The Attorney General State Law Office and Department of Justice Harambee Avenue P.O. Box 40112 - 00200 **Nairobi, Kenya.**	**Wetangula, Adan & Co Advocates,** 12th Floor Bruce House, P.O Box 10741 – 00100 **Nairobi, Kenya.**
Cootow & Associates Advocates, LLP Jadala Place, 3rd Floor, Suite 3.1, Ngong Lane, Off Ngong Road P. O. Box 74122 – 00200, **Nairobi, Kenya.**	**Triple OK Law Advocates,** ACK Garden House, 5th Floor Block C, P.O. Box: 43170-00100, **Nairobi, Kenya.**

FUND MANAGERS

Old Mutual Asset Management (K) Ltd,
Old Mutual Building,
P.O. Box 11589-00400,
Nairobi, Kenya.

CIC Asset Management Ltd,
CIC Plaza, Mara Road, Upperhill
P.O. Box 59845-00200,
Nairobi, Kenya.

Sanlam Investments E.A Ltd
Africa Re Centre, Hospital Road
P.O. Box 67262-00200
Nairobi, Kenya.

Genghis Capital Limited
3rd Floor Purshottam Place, Westlands Road
P. O. Box 9959 - 00100
Nairobi, Kenya.

GenAfrica Investment Management Ltd,
14 Riverside Business Park, 1st Floor,
P.O. Box 79127-00200,
Nairobi, Kenya.

African Alliance Asset Management Ltd
Kenya Re Towers, Upperhill
P.O Box 27639 – 00506
Nairobi, Kenya.

Coop Trust Investment Services Ltd
Haile Selassie Avenue
P.O. Box 48231-00100
Nairobi, Kenya.

FUND CUSTODIANS

Kenya Commercial Bank Custody Services, KCB Towers, 7th Floor, Kenya Road, Upper Hill
P.O. Box 30664-00100,
Nairobi, Kenya.

Co-operative Bank Custody
Co-operative House, Haile Selassie Avenue,
P.O. Box 48231 – 00100
Nairobi, Kenya.

Standard Chartered Securities Services
Kenya, 48 Westlands Road,
P.O. Box 40984-00100,
Nairobi, Kenya.

Stanbic Bank Ltd
Stanbic Centre
P.O. Box 72833-00100
Nairobi, Kenya.

FUND ACTUARIES

Zamara Actuaries, Administrators and Consultants Limited
Landmark Plaza
P.O. Box 52439-00200,
Nairobi, Kenya.

3. THE BOARD OF TRUSTEES

Hon. David Kariuki Njeru - Chairman

Hon.Njeru is the Chairman of the Board of Trustees. He holds an MBA(Entrepreneurship) from Kenyatta University, and a Bachelor's Degree in Business Administration (Accounting & Finance) from Kenya Methodist University, a Diploma in Human Resource Management from the Kenya Institute of Management. He is a Certified Public Accountant (CPA) and currently pursuing a PhD in Entrepreneurship at the Jomo Kenyatta University of Agriculture and Technology. He is a goal-driven business management professional with a wealth of experience in finance, business administration and human capital management. Hon.Njeru has held various C-Suite positions in several institutions. He is the immediate former Deputy Governor of the County Government of Embu. Before then, he was the Chief Executive Officer of the Winas Savings and Credit Cooperative Society Limited.

Mr. Michael Macharia - Trustee Representing FKE

Mr. Macharia is currently pursuing a Masters Degree in Law, is the holder of a Bachelors Degree in law from the University of London as well as Bachelor of Science, Hospitality Management from Almeda College and University in the US. He is a seasoned hospitality and labour sector professional with over 20 years of experience and has been involved in shaping and influencing policy in various areas over the years. He is currently the Chief Executive Officer of the Kenya Association of Hotelkeepers & Caterers (KAHC) as well as the National Vice President of the Federation of Kenya Employers (FKE). He also serves on the board of the Kenya Private Sector Alliance (KEPSA) among other honorary assignments.

Dr. Musa Nyandusi - Alternate to PS State Department for Labour & Skills Development

Dr. Nyandusi is the alternate member to the Principal Secretary- of State Department for Labour & Skills Development. He is a medical doctor and holds a Masters' Degree in Medicine from the University of Nairobi and a Bachelor of Medicine Degree from Moi University. He is the Secretary, Occupational Safety and Health- Directorate of Occupational Safety and Health Services (DOSHS) Safety in the Ministry of Labour and Social Protection. Prior to that, he served in the directorate in various positions.

Mr. Isaac Okello Mbingi - Trustee Representing COTU

Mr. Mbingi is an Advocate of the High Court of Kenya and a holder of a Bachelor of Laws Degree from The University of Nairobi. He also holds a Bachelor of Commerce and a Master of Commerce degrees in Business Administration and Management from The University of Indore. He is the Administrative Secretary-Central Organization of Trade Unions-Kenya with over 30 years' experience in both Board and management practice specializing in Human Resource Management, Leadership and Administration and Law. He is a Member and Vice Chairman of the Employment and Labour Relations Court Rules Committee, Member of the Mediation Accreditation Committee of the Judiciary. He is a member of the Law Society of Kenya, the Kenya Institute of Management and the Institute of Human Resource Management.

Dr.Milkah Kimonda Chebii – Independent Trustee

Dr. Chebii holds a Bachelor's Degree, Masters Degree (MBA) in Marketing & PhD in Business Administration. She is an independent consultant with interest in Financial inclusion, Social Protection, Gender & WEE, Climate change, government, private sector and community engagement. She has had a distinguished career in the banking and financial services sector, with over 20 years of experience driving innovative financial solutions across various disciplines such as retail banking operations, risk management, and change management. She possesses a wealth of experience in designing and implementing social protection programs and payment solutions, leveraging private sector partnerships to deepen financial inclusion in Kenya.

Dr.Kaberia Isaac Kubai - Independent Trustee

Dr. Kubai holds a Doctor of Philosophy (PhD) in Religious Studies & Ethics, a Master of Philosophy in Theological Studies and Bachelor of Theology. He has specialized in pollical ethics. He is a certified ISO Auditor (QMS and ISMS). He has extensive training in audit, risk management and human resource management. He is a Senior University Lecturer with 14 years' experience, currently teaching at the University of Embu. He is a member of the Board of the Karumo Technical Training Institute and a Council member of the Kenya Methodist University Council.

Dr. FCPA Anne Elizabeth Owuor Ph.D., EBS, HSC- Trustee Representing FKE

Dr. Owuor is an accomplished professional with a PhD in Leadership and Management, MBA in Finance and MSc in Audit Management and Consultancy. She is a Certified Internal Auditor, Fellow Certified Public Accountant, Certified Risk Management Assurance Professional, and a Certified Forensic Investigator. She has undertaken numerous leadership-training courses from esteemed institutions such as Cranfield Management School, Harvard Business School, and Strathmore Business School amongst others. Her experience spans the public sector, including roles as a Commissioner in the Salaries and Remuneration Commission, Board Member at the Public Sector Accounting Standards Board and various managerial positions at Kenya Power and Lighting Company as well as in the civil service. She also served in various boards both nationally and internationally, Including the International Public Sector Accounting Standards Board and the international Institute of Internal Auditors. The President of Kenya has recognized her with the Elder of the Burning Spear (EBS) and Head of State Commendation (HSC) for her contributions. Currently she is a Board member at the Federation of Kenyan Employers and is an accomplished consultant.

Ms. Rose A Omamo - Trustee Representing COTU

Ms. Omamo is the current General Secretary of Amalgamated Union of Kenya Metal Workers. She has 28 years' experience on Collective Bargaining, Dispute resolution and Social Dialogue. She is the Deputy General Secretary of the International Trade Union Confederation Africa and the Vice President of Industrial Global Union working to ensure that Labour standards are upheld. She is a board member of the Central Organization of Trade Unions Kenya and a member of the National Labour Board. She represents Africa in the ACP-EU Follow up committee that monitors the implementation of Agreements and partnerships between ACP Countries and the EU and plays an advisory role.

Mr.Amos Kipronoh Cheptoo - Alternate to PS National Treasury

Mr.Cheptoo is currently the Ag. Director for Resource Mobilization Department at the National Treasury, a position he holds after serving as the special advisor for multilateral cooperation. He previously served as the Executive Director for Eastern Africa at the Board of the African Development Bank (2019 – 2022) and Senior Advisor (2016 – 2019), based in Abidjan. He also worked as the Programme Manager for the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) (2006 – 2016), based in Harare. Prior to International assignments, he served as an Economist at the Central Bank of Kenya from 1996 – 2006.

Mr. David Koross - CEO / Managing Trustee

Mr. Koross is a holder of Bachelor of Arts (Economics) from University of Nairobi and Masters in Public Policy & Management from Strathmore University. He has participated in the Global Leadership Program at Gordon Institute of Business of Science, University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross possesses extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations.

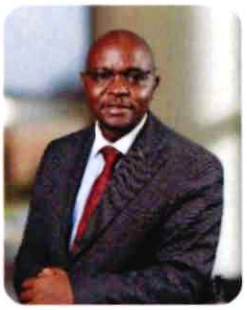
Ms. Kellen Njue- General Manager/Corporation Secretary/Legal Services

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing with over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB((UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries in good standing. She joined the Fund on 12/02/2024.

4. KEY MANAGEMENT TEAM

Mr David Koross - CEO / Managing Trustee

Mr.Koross is a holder of Bachelor of Arts (Economics) from University of Nairobi and Masters in Public Policy & Management from Strathmore University. He has participated in the Global Leadership Program at Gordon Institute of Business of Science, University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross possesses extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations. He was appointed Chief Executive Officer and Managing Trustee of NSSF on 26th May 2023.



CPA Ronald Nyamosi - General Manager, Finance & Investment

CPA Nyamosi holds a BCom (Accounting Option) First Class Honors and MBA both from Kenyatta University. He is currently pursuing a PhD. in Entrepreneurship at JKUAT. He is a CPAK and member of ICPAK. He is also a Certified Productivity and Engagement Coach and a member of the International Coaching Federation (ICF). He has undergone various training programs including Corporate Governance, Strategic Leadership, Bullet Proof Manager among others. He has over 23 years of extensive experience in the fields of finance, investments, and pension management having held senior leadership positions in several prestigious organizations among them Equity Insurance Group, Liberty Insurance Group, ICEA LION and Jubilee Insurance.He has impressive experience in the Insurance and Pension industry. His robust skill set includes Managerial Finance, Financial Analysis, Accounting, Strategic Planning, Risk Management and more. In his career he has made tremendous contribution and valuable insights to the industry. He Joined the Fund on 12th February 2024.

Ms.Millicent Awiti- General Manager Strategy,Research and Risk

Ms. Awiti joined the Fund in 2011 and is currently the General Manager, Strategy, Research and Risk. She holds a Bachelor of Education in English and Literature degree from Catholic University of Eastern Africa and a Masters of Business Administration degree from the University of Nairobi. She is currently pursuing a Doctor of Philosophy in Business Administration at the University of Nairobi. She was appointed in her current role 12th February 2024.

Ms. Kellen Njue- General Manager/Corporation Secretary/Legal Services

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing with over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB((UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries in good standing. She joined the Fund on 12/02/2024.

CPA Paul Mwaura - General Manager Audit

CPA Mwaura joined the Fund in February 2024. In his capacity, he oversees the operations of the Internal Audit Division. He holds an MSc in Finance & Investments, an MBA in Accounting and a Bachelor of Commerce Accounting degree, all from The University of Nairobi. He is a Certified Public Accountant of Kenya (CPA/K), a Certified Information Systems Auditor (CISA) and a member of the Institute of Internal Auditors (IIA), Institute of Certified Public Accountants of Kenya (ICPAK), and the Information Systems Audit and Control Association (ISACA). He has also undertaken certifications in Management and Leadership from Kenya School of Government and in ISO 9001 QMS audit. Mr. Mwaura has extensive experience in the audit profession both in public and private sectors. He joined the Fund in his current role on 12th February 2024.

Mr. Evans Ombui - General Manager Social Security

Mr. Ombui, is a career social security practitioner, with over 30 years of experience. He is a member of the Institute of Human Resource Management(IHRM), and holds various post graduate qualifications in governance, leadership, business administration and human resource management. Ombui, reports directly the CEO/Managing Trustee, with the key responsibility in the formulation, coordination and implementation of social security policies and strategies for achieving the Fund's mandate. He was appointed in his current role 12th February 2024.

Ms.Hellen N. Wasike General Manager Human Resource & Administration

Ms. Wasike holds an MSc. Human Resource Management (JKUAT) and a Bachelor of Arts from University of Nairobi. She is also a Certified Public Secretaries (CPS) and Certified Human Resource Professional (CHRP). She also has qualifications in Public Policy and in Project Management from the Strathmore Business School. She is a Practicing Member of the Institute of Human Resource Management (IHRM). She has over 20 years senior management in the corporate world and public sector (specifically in state corporations). Ms. Wasike has strategic leadership experience in overseeing, startups, turnarounds and growth/transformation focused organizations having worked with the Kenya Trade Network Agency (KenTrade), The Kenya Vision 2030 Delivery Secretariat (VDS) and The Coffee Development Fund (now Commodities Fund) amongst others. She is a passionate about leadership, governance and service to humanity hence also an active member of the Women on Boards Network (WOBN) and the Rotary International (RI). She joined the Fund on 12/02/2024.

5. FIDUCIARY MANAGEMENT

No.	Designation	Name
1.	Managing Trustee/CEO	Mr. David Koross
2.	General Manager, Finance & Investment	Mr. Ronald Nyamosi
3.	General Manager Legal & Corporate Services	Ms. Kellen Njue
4.	Finance Manager	Ms. Marietta Mutinda
5.	Manager, Supply Chain	Mr. Bethuel Chemitei

Fiduciary Management Arrangements

The National Social Security Fund being a retirement benefits scheme exists to protect the interest of its members who have entrusted their savings with the Fund. The top-most organ of the Fund is therefore the Board of Trustees that by law has a fiduciary duty to maintain that trust. However, the Board has delegated the day to day running of the Fund to the Managing Trustee who is supported by the following General Managers;

i. General Manager – Finance & Investments
ii. General Manager – Corporation Secretary & Legal Services
iii. General Manager – Social Security
iv. General Manager – Strategy, Research & Risk
v. General Manager – Human Resource & Administration
vi. General Manager – Internal Audit

For smooth running of the Fund and to have all issues affecting it streamlined for informed decision making, the Executive Committee (Excom) composed of the Managing Trustee (the Chairman) and General Managers who occupy the senior-most positions in the Fund is formed to support in operational decision-making. The General Managers are the Heads of Divisions with a range of two to four Managers reporting to them.

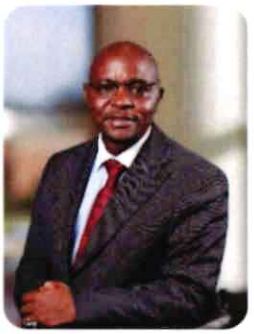
The ExCom serves as the steering committee for the Fund. Members of the executive committee typically have leadership ties, convene on short notice to address urgent business issues among other things.

Aside from the organization guidance, the function of the ExCom includes providing advice on everything from policy, risk management, strategy, and investments among other others.
The roles and responsibilities include;

i. Strategic planning - The Excom participates in the development and review of the organization's strategic plan, making sure short-term and long-term goals are aligned with the overall mission and vision.
ii. Financial oversight - It monitors and provides oversight of the organization's financial health, budgets reviews and ensuring adherence to financial policies.
iii. Organizational oversight - supervision of the implementation of board policies, adherence to security guidelines, quality management, human resources practices, corporate performance monitoring and regulatory compliance. This ensures the board's commitment to operate following established procedures and policies.
iv. Emerging issues - reviewing and making decisions on emerging issues affecting the Fund that require urgent attention and decide whether to handle or escalate to the board.

Mr David Koross - CEO / Managing Trustee

Mr.Koross is a holder of Bachelor of Arts (Economics) from University of Nairobi and Masters in Public Policy & Management from Strathmore University. He has participated in the Global Leadership Program at Gordon Institute of Business of Science, University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross possesses extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations. Mr. Koross is the CEO and Accounting officer of the Fund and Secretary to the Board of Trustees. He reports to the Board of Trustees.



CPA Ronald Nyamosi - General Manager, Finance & Investment

CPA Nyamosi holds a BCom (Accounting Option) First Class Honors and MBA both from Kenyatta University. He is currently pursuing a PhD. in Entrepreneurship at JKUAT. He is a CPAK and member of ICPAK. He is also a Certified Productivity and Engagement Coach and a member of the International Coaching Federation (ICF). He has undergone various training programs including Corporate Governance, Strategic Leadership, Bullet Proof Manager among others. He has over 23 years of extensive experience in the fields of finance, investments, and pension management having held senior leadership positions in several prestigious organizations among them Equity Insurance Group, Liberty Insurance Group, ICEA LION and Jubilee Insurance.He has impressive experience in the Insurance and Pension industry. His robust skill set includes Managerial Finance, Financial Analysis, Accounting, Strategic Planning, Risk Management and more. In his career he has made tremendous contribution and valuable insights to the industry. He Joined the Fund on 12th February 2024. CPA Nyamosi is the Overall head of finance and investment with overall responsibility for preparation of budgets, accounting, investment and payments. He reports to the CEO/Managing Trustee.

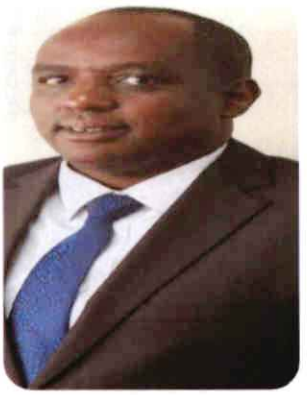
Ms. Kellen Njue- General Manager/Corporation Secretary/Legal Services

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing with over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB((UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries in good standing. She Joined the Fund on 12/02/2024. Ms. Njue is the overall legal advisor to the Board and Management as well as the company secretary. She reports to the CEO/Managing Trustee.

Ms. Marietta Mutinda

Manager, Finance

Ms Marietta Mutinda is a holder of Bachelor of Commerce (Accounting Option) from Kenyatta University and MBA (Finance) from the same University. She is a Certified Public Accountant and Member of ICPAK and a SAP FICO Certified Application Associate. She also holds the Strategic Leadership Development Programme Cerficate from Kenya School of Goervernment. Ms. Marietta has served in different capacities within Finance Division for over 25 years. Currently she leads the finance function where she is responsible for developing financial goals and budgets, establishing core financial processes and controls as well as meeting various reporting requirements. Ms. Marietta is the head of Finance and accounting. She reports to the General Manager Finance and Investment.



Bethuel Bett Chemitei
Manager Supply Chain Management

Holds a MSC in Procurement and Logistics from JKUAT, BCOM (Procurement and Supplies Management Option) from UON, Diploma in Procurement and Supply (CIPS), Diploma in Sales and Marketing from technical university. He has also attended several courses in procurement and supplies discipline as well as leadership and Management. He is a member of Kenya institute of Supplies Management (KISM) in good standing and Chartered institute of Purchasing and Supplies (CIPS) . He has over 23 years working experience out of which 15 years has been in senior management roles, mainly in the public sector, specifically in state corporations. Mr. Chemitei has strategic leadership experience in development of procurement systems including procurement and supplies manuals, procurement planning, supply chain management contracting among others. The experience has been gained over time having worked with the Kenya Seed Company limited and Kenya Post Office Savings Bank (POSTBANK) amongst others. Bethuel is passionate in supporting the vulnerable in the society and service to humanity hence a Board Member and Trustee of Mwangaza Rehabilitation Centre(MRC) which is a charitable Non-Governmental organization supporting the street Children. Mr. Chemitei is the head of procurement and advisor to the board and CEO on all procurement issues. He reports to the CEO/Managing Trustee

6. CHAIRMAN'S STATEMENT

As Chairman of the Board of Trustees for the National Social Security Fund (NSSF) of Kenya, I am pleased to present this performance statement for the year 2023/2024. This year has been marked by significant milestones and strategic progress, reflecting our commitment to ensuring the sustainability, growth, and efficiency of the Fund.

Governance and Oversight

The Board has upheld the highest standards of corporate governance, ensuring that all decisions are made in the best interests of our members. We have strengthened our oversight functions, ensuring compliance with regulatory requirements and reinforcing our fiduciary responsibilities. The Board has worked closely with the management team to implement robust policies that enhance transparency, risk management, and operational efficiency.

Strategic Direction

In 2023, we developed the Strategic Plan 2023-2027 which aligns our objectives with the evolving needs of our members and the broader socio-economic landscape of Kenya. It also focuses on diversifying investment portfolios, enhancing member services and adopting innovative technologies to improve operational efficiency. The Board has also placed significant emphasis on sustainable investment practices, ensuring that our decisions contribute positively to the social and environmental fabric of the nation.

Financial Performance

The Fund's financial performance this year has been commendable, with a 28% increase in net assets and a 120% growth in member contributions. This growth is a attributable to increased member contribution after the favorable Court of Appeal ruling on the NSSF Act, prudent investment strategies and effective cost management. The Board has continuously monitored the Fund's financial health, ensuring that we are well-positioned to meet our obligations to current and future members.

Stakeholder Engagement

We have maintained strong engagements with our stakeholders, including the government, regulators, and members. This year, the Board facilitated several forums to listen to and address the concerns of our members, reinforcing our commitment to transparency and accountability. Additionally, our relationships with key stakeholders have been instrumental in advocating for policies that support the Fund's growth and the well-being of our members.

In conclusion, I would like to express my gratitude to my fellow Board members, the management team, and all our stakeholders for their unwavering support and commitment. Together, we will continue to build a stronger, more resilient NSSF for the benefit of all Kenyans.

Hon. David Kariuki Njeru
Chairman of the Board of Trustees
National Social Security Fund

7. REPORT OF THE CHIEF EXECUTIVE OFFICER/MANAGING TRUSTEE

I am honoured to present this performance statement for the year 2023/2024. This year has been characterized by transformative growth, operational efficiency, and unwavering commitment to our mission of securing the future of our members.

Operational Efficiency and Service Delivery

Our focus this year has been on enhancing operational efficiency and improving service delivery to our members. We successfully implemented several initiatives aimed at streamlining processes, reducing turnaround times, and improving customer satisfaction. The digitization of key services has been a cornerstone of our strategy, enabling members to access services more conveniently and efficiently.

Financial Management and Investment Performance

The Fund's financial performance in 2023/2024 was robust, with significant growth in both contributions and investment income. We achieved **Kshs. 62.29 billion** or **132%** increase in member contributions, reflecting the trust and confidence that members have in the Fund. We paid **Kshs. 9.71 billion** to 109,648 exiting members **46%** increase from the amount paid in the previous year. Our investment portfolio also performed well, with returns exceeding our targets by **6%**. We have continued to diversify our investments to ensure long-term sustainability and resilience against market volatility. That enabled the value of fund assets reach **Kshs.402 billion** on 30 June 2024.

Strategic Initiatives and Innovation

In line with our strategic plan, we embarked on several key initiatives aimed at driving growth and innovation. This includes the introduction of new products and services tailored to meet the evolving needs of our members. We also invested in technology to enhance our data management capabilities, to ensure that we make informed decisions based on accurate and timely information.

Risk Management and Compliance

Effective risk management and compliance were central to our operations in the year under review. We strengthened our internal controls, ensuring that we meet all regulatory requirements and mitigate potential risks. Our risk management framework has been enhanced to address emerging risks, particularly in the areas of cyber security and investment management.

Human Capital Development

Our employees are our greatest asset, and we have continued to invest in their development. This year, we implemented a comprehensive training and development program aimed at equipping our staff with the skills and knowledge needed to deliver exceptional service. We have also fostered a culture of innovation and continuous improvement, encouraging our teams to think creatively and challenge the status quo.

Challenges and Opportunities

While we have achieved much this year, we have also faced challenges which include economic uncertainties. However, these challenges have also presented opportunities for us to innovate and

improve. We remain committed to our mission and are confident that the initiatives we have implemented will position us for continued success in the years to come.

In conclusion, I would like to thank our Board of Trustees for their guidance, our employees for their dedication, and our members for their trust and support. Together, we will continue to build a secure future for all Kenyans.

David Koross
Chief Executive Officer/ Managing Trustee
National Social Security Fund of Kenya

8. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/24

The National Social Security Fund has four strategic themes and four objectives within the current Strategic Plan for the FY 2023-2027. These strategic themes are as follows:

Theme 1: Customer Experience
Theme 2: Financial Sustainability and Growth
Theme 3: Operational Excellence
Theme 4: Organizational Resilience

NSSF develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly. During the period under review performance targets set for the FY 2023/2024 period for its four strategic pillars, as indicated in the diagram below:

2024/2025 TARGETS					
THEME	**KEY PERFORMANCE INDICATOR**	**UNIT OF MEASURE**	**Weight**	**TARGET FOR 2023/2024**	**ACTUAL 2023/2024**
Customer Experience	Customer Satisfaction	%	5	84	81.44
	Return Earned for Members	%	10	15	8
	Benefits Turn Around Time	Working Days	10	30	13
	Positive Brand Visibility (Media Tonality)	%	5	81	78.00
	Weight Sub Total		**30**		
Financial Sustainability and Growth	Contributions Collected	KES (B)	10	58	60.40
	Fund Value(B)	KES (B)	10	393	402
	Return on Investments	%	5	11	12
	Investment Income	KES (B)	5	40	41
	New Member Registrations and activation	Number	10	650,000	556,304
	Weight Sub Total		**40**		
Operational Excellence	Reduction in Contributions in Transit	%	2.5	x	7.5
	Admin Cost as a percentage of Fund Value	%	2.5	2.1	1.9
	ICT Projects Milestone Completion Rate	%	10		N/A
	Weight Sub Total		**15**		
Organizational Resilience	Employee Engagement	%	2.5	X	X+5
	Productivity Index	Number	2.5	N/A	3.67
	Training and Development Participation Rate	%	2	N/A	N/A
	Performance Contract Rating	Number	2	2.9	2.77
	Closure of legacy audit queries	%	2	N/A	100
	Legal and Governance Audit	%	2	N/A	N/A
	Operationalization Framework for NSSF Act No. 45 of 2013	Date	2	N/A	N/A
			15		
			100		

SUMMARY OF 2023-2027 CORPORATE STRATEGIC PLAN

VISION

To be the Trusted Social Security Provider delivering exceptional value to our members

MISSION

To empower our members to achieve financial security through prudent investments and value adding solutions

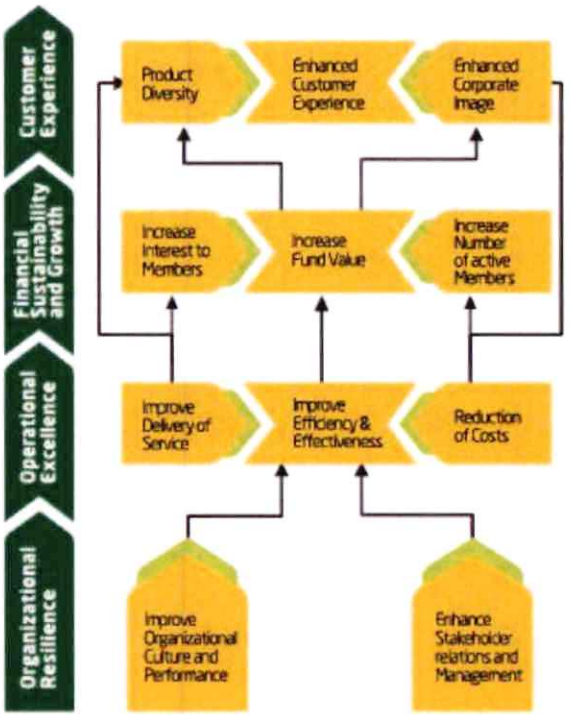
STRATEGIC THEMES

1. Customer Experience
2. Financial Sustainability and Growth
3. Operational Excellence
4. Organizational Resilience

STRATEGIC RESULTS

1. Increased Customer Lifetime Value
2. Create a Solid Foundation for Long-term Success
3. Create a High Performance Organization
4. Inspire Stakeholder Confidence

Strategic Outcomes and Strategy Map



Measures	Targets	Initiatives
Average TAT	1 day by 2027	Improve service delivery across all channels, enhance the brand of the Fund and develop new product offerings and markets
Increase in brand image	95% customer satisfaction by 2027	
Return on investment	Double digit every year	Grow voluntary, Tier 2 and Enhance diaspora compliance levels, Diversification of the investment portfolio
Growth in Fund Value	Kes. 1 trillion by 2027	
Increase in active membership	500,000 new members every year	
Digitization of Processes	x + 2 every year	Upgrade ICT infrastructure, consolidate and integrate business systems, develop data analytics capability and adopt international standards and benchmarks
Enhance integrations and business insights	x + 2 every year	
Fund Value to Operating costs	1.5% by 2027	
Positive media tonality	x + 2 every year	Increase in media presence, Review and validate HR instruments Implement a culture and attitude change programe
Increase in employee happiness index	95% by 2027	

Member Centricity | **Innovation** | **Integrity** | **Collaboration**

National Social Security Fund (HQ) P.O.Box 10599-00100, Nairobi, Kenya
Main Line: (020) 2729911, 2710552 | Toll free: 0800 2212744
Cell Phone: 0709 583 000 and 0730 882 000
Office of the Ombudsman: complaints@ombudsman.go.ke
Email: info@nssfkenya.co.ke | Website: www.nssf.co.ke

9. CORPORATE GOVERNANCE STATEMENT

The Fund sets corporate governance at the centre of its activities to ensure that its operations align with the interests of its stakeholders. This governance model is inspired by the NSSF Act 2013 and Mwongozo the code of governance for State Corporations. At the top of the governance structure of the Fund lies the Board of Trustees which is constituted in a tripartite fashion with membership drawn from the most representative workers' union, employers' federation, and government. The board of 10 members, including the CEO, is responsible for the effectiveness of Board itself, transparency and disclosure practices of the Fund, accountability, risk management, internal controls, ethical leadership and good corporate citizenship of the Fund.

Appointment of Trustees

The Board of Trustees is fully constituted with nine Trustees' and the CEO/Managing Trustee as the ex-officio member of the board, the appointment of which consists of the Principal Secretary in the Ministry for the time being responsible for social security, the Principal Secretary responsible for matters relating to Finance, and seven persons appointed by the Cabinet Secretary responsible for matters relating to Social Security.

The seven persons include two nominated by the most representative employers' organization with knowledge and experience in matters relating to employers, other two nominated by the most representative workers' organization by virtue of their knowledge and experience in matters relating to employees, and three appointed by the Cabinet Secretary by virtue of their knowledge and experience in matters relating to administration of scheme funds, actuarial science, insurance, accounting and auditing or law. The Cabinet Secretary appoints the Chairperson from amongst these three Trustees.

Roles and Functions of Trustees

The Board of Trustees is mandated to acquire, control, and supervise the assets of the Fund to promote its mission. It lays down policies and guidelines for the proper operations and management of all the funds collected by the Fund. Moreover, the board hires senior staff approves contracts and other activities undertaken by the Management on behalf of the Fund whose value requires Board approval.

The board may appoint agents to perform any of its functions, including investing of funds that are not immediately required for Fund activities, opening and operating bank accounts for the Fund, and setting up and supporting Fund employee welfare system. The Board is also responsible for legal and ethical conduct of its Trustees, including on matters of conflict of interest, due diligence, and good corporate governance practices.

Succession Planning and Board Charter

Members of the board are appointed in a staggered manner, with a two-month hiatus. This provides stability in oversight of the Fund by ensuring that there is always a proportion of trustees on the board with requisite institutional memory concerning, not only the business of the Fund, but also its long-term strategic perspective. The board has a Board Charter and an approved Governance Framework. These provide trustees with the guiding principles to enable the effective discharge of their duties in overseeing the affairs of the Fund.

Removal of Trustees

The Cabinet Secretary responsible for Social Security can remove a trustee on a number of reasons including absence from Board meetings without the permission of the chairperson, bankruptcy, operation of the law, infirmity, criminal offence that questions his integrity standing.

Committees of the Board

During the year under review, the Board of Trustees reviewed board committees and increased these from three to four principal committees namely:

- Audit and Risk Committee
- Finance and Investment Committee
- Social Security Committee
- Human Resource, Legal and Strategy Committee

The Board of Trustees also reviewed composition of the board committees to ensure Circular Ref: OP/CAB.9/1A dated March 11 2020 on Management of State Corporations. These committees meet under well-defined terms of reference set up by the full board. This is intended to achieve efficient decision -making by the Board of Trustees in discharging its duties and responsibilities.

Finance and Investment Committee Members

1. **Dr. Milkah Chebii - Chairperson**
2. Mr. Isaac K. Mbingi Okello
3. Mr. Amos Cheptoo
4. Dr. Musa Nyandusi
5. Mr. Michael Macharia

Responsibilities

Directing the investment and financial management function of the Fund. The committee also assists the Board in fulfilling its core mandate in customer care, marketing, registration, contributions, benefits payment, product development and investment policy oversight. Other responsibilities include review and approval of budgets, periodic performance, review and approval of financial statements, review and guide on ICT strategy and review and approval of accounting policies' and procedures.

Human Resource and Legal Committee Members

1. **Mr. Isaac Mbingi Okello - Chairman**
2. Mr. Amos Cheptoo
3. Dr. Milkah Chebii
4. Dr. Kaberia Isaac Kubai
5. FCPA Dr. Anne Owuor, EBS

Social Security

1. **Mr. Michael Macharia - Chairman**
2. Ms. Rose Omamo
3. Dr. Musa Nyandusi
4. Mr. Amos Cheptoo

Responsibilities

Direct the social security function of the Fund and assisting the Board in fulfilling its core mandate in customer care, marketing, registration, contributions, benefits payment, product development and investment policy oversight

Audit and Risk Committee members

1. **Dr. Anne Owuor, EBS - Chairperson**
2. Dr. Musa Nyandusi
3. Dr. Kaberia Isaac Kubai
4. Ms. Rose Omamo

Responsibilities

The Audit Committee is the only mandatory committee of the board as per the corporate governance provisions shown in *Mwongozo*. The committee is entrusted with the responsibility of ensuring overall compliance, governance and risk management. Specific roles include reviewing and approving the board charter, internal and external audit findings and preventive measures, systems and internal controls. The committee may also initiate special investigation of any allegations of malpractices within the Fund.

Annual General Meetings

The Fund is required to hold annual general meetings as part of its corporate governance practice and in compliance with the law and regulations as set up by the Retirement Benefits Authority.

Accountability and Audit

The Board of Trustees seats at the apex of the accountability and audit function through its Audit and Risk Committee. It approves the internal and external audit program, and reviews the findings, preventive measures, risk, systems and internal controls. The committee initiates special investigation on allegations on corruption and accountability

Capacity Building for Board of Trustees

During the year, Trustees were trained on the Code of Governance for State Corporations (Mwongozo) and induction was done for new trustees.

Internal Controls

The Board of Trustees has put in place adequate internal controls to ensure there is no loss or pilferage of Fund's resources / Assets. Risk mitigation strategies are incorporated into the control structures that include a functional internal audit department.

Integrated Management Policy Statement

The National Social Security Fund is committed to provide adequate income replacement to members through prudent investments and prompt payment of benefits. The Fund shall do this by:

1. Establishing integrated Management objectives at the beginning of every financial year based on the Corporate Strategic Plan, monitored and reviewed on quarterly basis.
2. Seeking to understand and satisfy the needs and expectations of customers and interested parties.
3. Continually measuring, analysing and evaluating the effectiveness and efficiency of the Integrated Management System for continual improvement.
4. Having committed Trustees and staff performing their roles and responsibilities with integrity and accountability.
5. Embracing best practice, innovation and appropriate technology in all operations
6. Ensuring that all activities are aligned to NSSF Act, 2013 and satisfy all applicable requirements.
7. Maintaining and improving information security with the aim of minimizing exposure to risk within the Fund, leading to provision of timely and reliable services.
8. Embracing a knowledge management culture by ensuring the right knowledge is available to the right people, at the right time.
9. Ensuring continuity in delivery of products and services in the event of any disruption.

Enterprise Risk Management

An effective enterprise risk management framework is essential to the survival of any organization and achievement of its objectives. The Board of Trustees and Management endeavours to manage risks to acceptable levels in all its activities. The Fund is committed to embedding risk management principles and practices into its strategic and operational plans, decision making process, all levels of the Fund, on major projects undertaken, and major transactions entered with third Parties.

Board's Work Plan

The Board of Trustees draws a work-plan that guides its annual work calendar. Special meetings are convened whenever an issue arises that need the board's attention outside the annual work-plan. The Fund has three board committees established as per the descriptions of the Board Charter. The trustees' remuneration is duly approved by the Cabinet Secretary responsible for Labour and Social Protection in compliance with the Sate Corporations Advisory Agency (SCAC) guidelines and the disclosure is in line with *Mwongozo*, the code of governance for State Corporations.

Board Attendance and Allowances for 2023-2024

	Board Position	FISS	HRLS	A & R	FULL BOARD	BOARD ALLOWANCES	OTHER	TOTAL
Anthony Munyiri	Chairman				11	550,000	3,175,000	3,725,000
David Njeru	Chairman				3	308,636	4,121,794	4,430,430
Amos Cheptoo	Alternate, PS Treasury	8	6		14	1,400,000	4,586,658	5,986,658
Musa Nyandusi	Alternate, PS Labour	7		4	12	1,150,000	1,823,066	2,973,066
Anne Owuor	Trustee		5	6	14	1,250,000	3,268,141	4,518,141
Isaac Mbingi	Trustee	8	6		14	1,400,000	2,894,800	4,294,800
Kaberia Kubai	Trustee		6	6	14	2,071,225	4,546,864	6,618,089
Micharl Macharia	Trustee	7		4	14	1,250,000	5,006,386	6,256,386
Mark Obuya	Trustee						83,929	83,929
Milkah Chebii	Trustee	8	5		14	1,350,000	6,578,866	7,928,866
Rose Omamo	Trustee	6		6	14	1,300,000	2,854,132	4,154,132
Shadrack Mwadime	PS Labour				1	50,000	-	50,000
						12,079,861	**38,939,634**	**51,019,495**
Other Board Expenses							**17,763,312**	**17,763,312**
Total								**68,782,807**

*Board Allowances include sitting allowances for committee meetings. Other payments include amounts paid to board members while attending official NSSF functions.
FISS: Finance, Investments and Social Security
HRLS: Human Resource, Legal and Strategy
A & R: Audit and Risk

10. MANAGEMENT DISCUSSION AND ANALYSIS

The Funds Operational and Financial Performance

The Fund's operational and financial performance is based on the 2023-2027 strategic plan, Budget for 2023/2024, and the set targets as per 2023/2024 Performance Contract signed between the Board of Trustees and the Principal Secretary Department of Labour of the Ministry of Labour and Social Protection, cascaded down to the Board of Trustees, Managing Trustee and all staff.

a) Summary financial performance

- During the financial year ending 30 June 2024, the Fund achieved member contribution of **Kshs.62.29 billion**, which is **62%** performance above budget of **Kshs. 38.58 billion**, and **132%** growth compared to **Kshs. 26.87 billion** achieved in 2022/2023 financial year.

- Benefits paid to exiting members amounted to **Kshs.9.7 billion,** which is 21% performance above budget of **Kshs. 8 billion,** and **46%** growth when compared with **Kshs. 6.68** billion paid in the previous financial year.

- Net surplus from dealing with members of amounted to **Kshs. 52.58 billion,** which is **72%** above budget and **160% higher** compared with performance achieved in 2022/2023 financial year. Net dealings represent the net funds which are deployed into investment.

- Net investment income amounted to **Kshs.41.70 billion,** which is **6%** performance above budget and **238%** growth compared with **Kshs. 12.34 billion** achieved in the previous financial year.

- The Fund recorded **Kshs. 612 million** other income which is **Kshs. 69 million** more than what was recorded in the previous financial year.

- Overall, the Fund managed to record net revenue from dealings with members, investments income and other income of **Kshs. 95 billion** compared to **Kshs. 33 billion**, from previous year which is an impressive **187%** performance when compared to with the previous financial year's performance.

- The Fund managed to contain operating cost at **1.72%** fund assets by incurring **Kshs. 6.87 billion** operating cost, which is 5% below budget of **Kshs. 7.15 billion** or a saving of **Kshs. 200 million**. However, this performance is **3%** higher compared to **Kshs. 6.68** billion incurred in 2022/2023 financial year or **Kshs. 270 million** more than last financial year expenditure.

- The Fund recorded a net increase in scheme funds of **Kshs. 88 billion** up from **Kshs.26.40 billion** recorded 2022/2023 financial year.

- This enabled growth of fund assets to reach **Kshs. 402.17 billion** as at 30 June 2024, up from **Kshs. 313.94 billion** as at 30 June 2023.

Summary Performance Highlights

Parameter	2024	2023	Growth
Member Contribution	62,288,402,382	26,873,595,651	132%
Active Members	3,331,611	2,961,677	12%
Active Employers	78,009	78,549	-1%
Benefits paid	9,713,289,275	6,675,201,682	46%
Members paid	109,648	103,744	6%
Investment Income	39,617,489,184	30,968,154,051	28%
Return on Investment	41,703,591,501	12,335,710,089	238%
Increase in Net Assets	88,024,375,783	26,398,966,656	233%
Members' Funds	400,146,207,377	312,121,831,596	28%
Fund Assets	402,173,981,547	313,941,716,403	28%

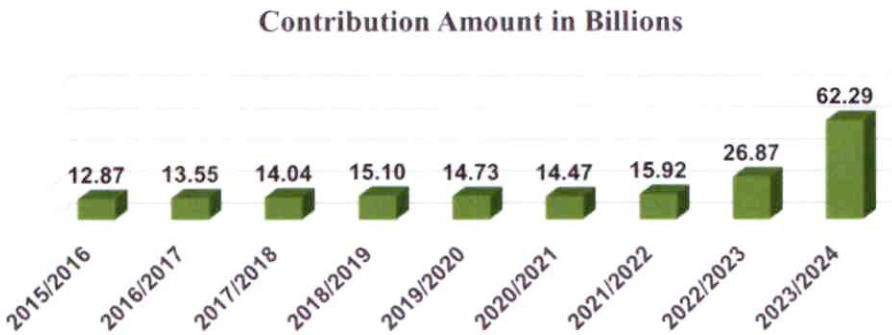
b) Active Members, Employers and Contribution

Active Members and employers

Year Financial	Members No of active	Employers No. of active
2023/2024	3,331,611	78,009
2022/2023	2,961,677	78,549
2021/2022	2,604,199	76,907
2020/2021	2,390,820	73,237
2019/2020	2,461,986	74,368
2018/2019	2,502,239	73,308
2017/2018	2,629,701	73,896

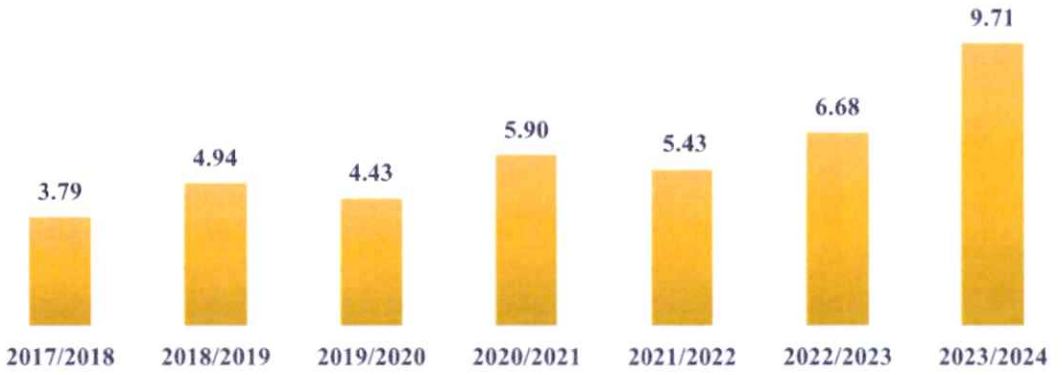
Fund active members increased by 369,934 in the 2023/2024 financial year which is a 12% increase in active membership. The increase is mainly attributed to registration of public servants who were previously not members of the Fund. During the same period, active employers reduced 540 employers to settle at 78,009 from 78,549. This is a negative development and management has put measures to ensure the trend is reversed in the next financial year.

Member Contribution



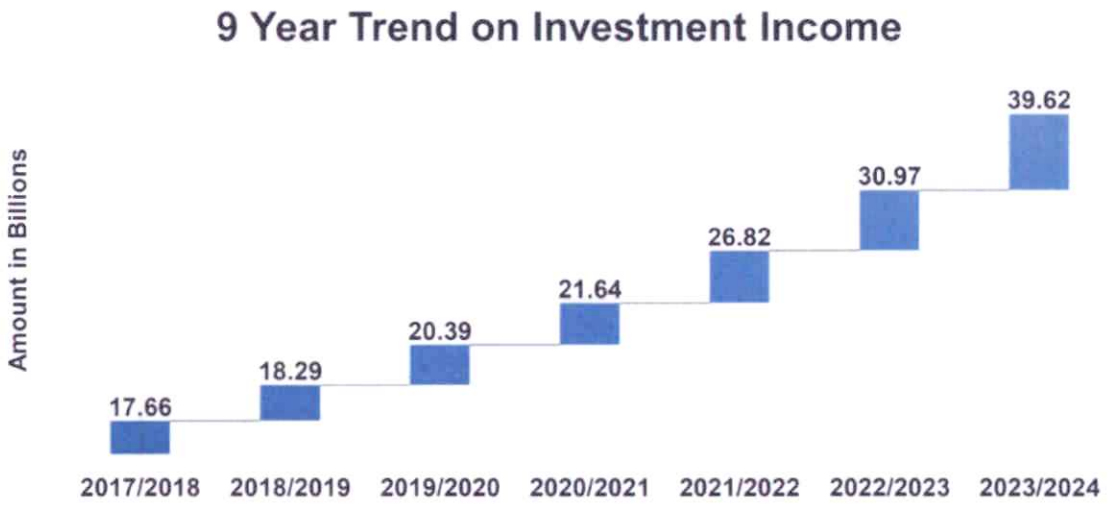
Member contribution increased to **Kshs. 62.29 billion** in 2023/2024 financial year from **Kshs. 26.87** recorded in the previous financial year. This increase is attributed to the implementation of year two contribution rates under the NSSF Act Cap 258.

c) Benefit Paid



Amount of benefits paid to members has grown from **Kshs. 3.79 billion** as at June 2018 to **Kshs. 9.71** as at June 2024. This is a 156% growth in a span of 7 years. A total of Kshs. 40.88 billion has been paid during the 7 years. This is expected to grow even further with the increased contributions.

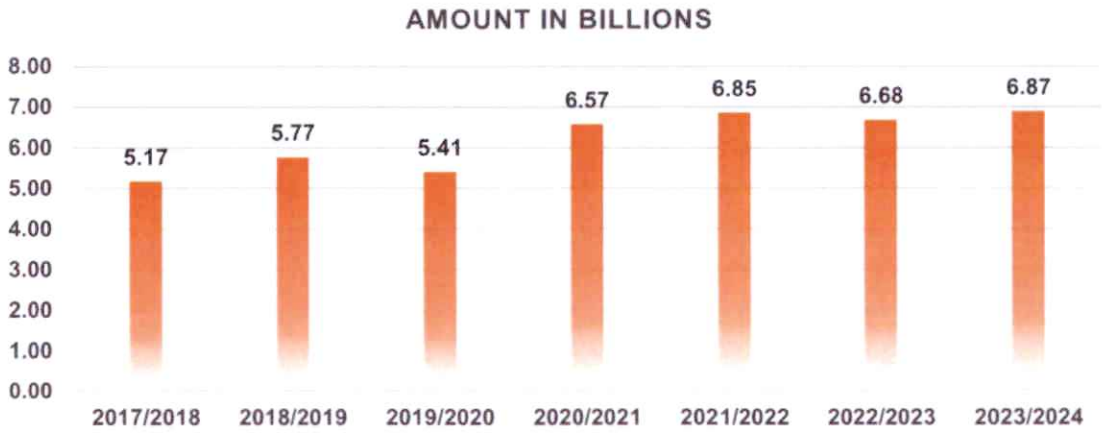
d) Investment Income



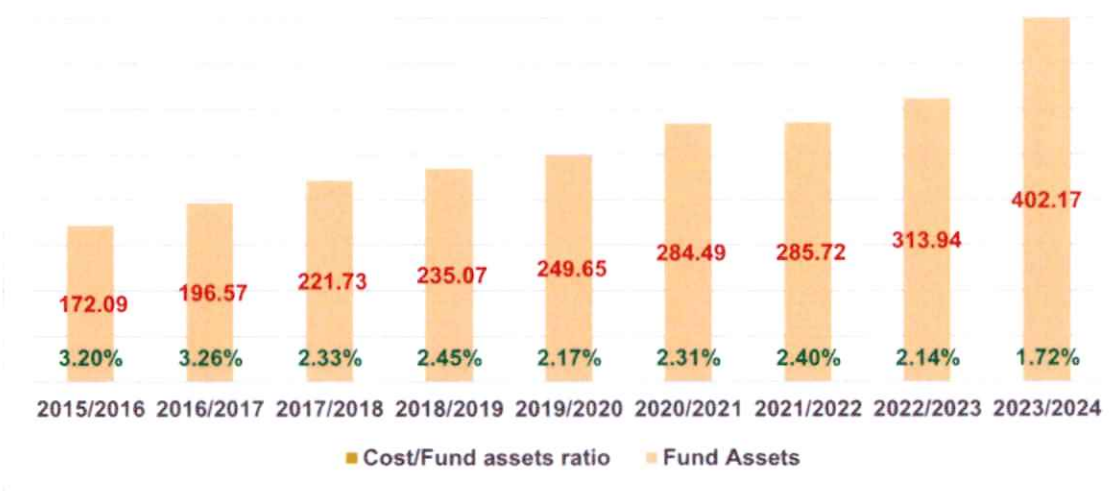
The Fund has experienced steady growth in investment income from **Kshs.17.66 billion** in 2017/2018 to **Kshs. 39.62 billion** in 2023/2024 which is a **124%** growth in investment

income. This trend is expected to deepen further with the increased member contribution, guaranteeing Kenyan a secure retirement as envisaged in the Constitution of Kenya, Vison 2030 and the NSSF Act.

e) Operating Cost



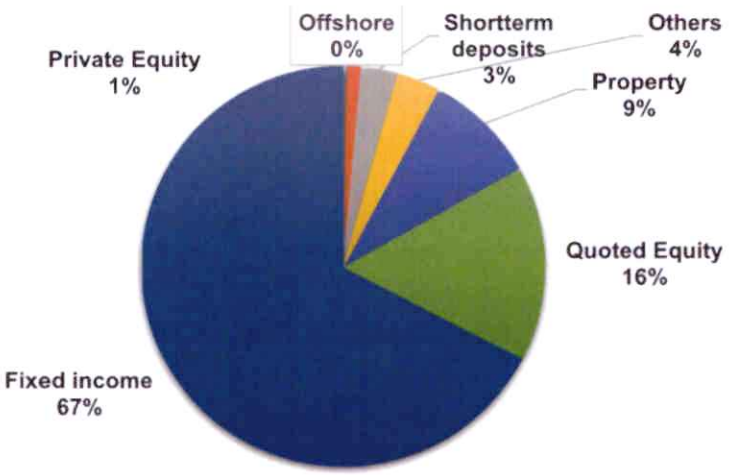
Operating cost averages **Kshs. 6.87 billion** in the last 7 years. The Fund's management continues to put measures intended to contain operating cost in order to achieve the 1.5% statutory cost to fund assets ratio.



f) Fund Assets

Members' funds have grown steadily in the last 9 years and is expected to reach Kshs. 1 trillion in 2027/2028.

g) Asset Allocation



Major Factors that affected the Financial Performance

1. Rollout of year 2 statutory contributions under the NSSF Act Cap 258.
2. Recruitment of Senior Management Staff.
3. Appreciation of the Kenya Shilling against major currencies.
4. Onboarding of public sector employees who previously were not members of NSSF.
5. Delay in obtaining approval of budget from National Treasury.
6. Recovery of the Investment market resulting into unrealised gain and rise in interest rates for fixed income assets.

Challenges and Opportunities

FACTORS	EFFECTS	CHALLENGES
Legal, Regulatory Framework and Ethics		
Retirement Benefits Authority (RBA)	• Compliance to the Legal, Regulatory Requirements Enhance compliance levels in the Fund	Sanction on non-compliance
Labor Laws 2021	• Enhanced contributions (Penalty of 5% for non-compliance enables timely update of member accounts)	
Tax Laws	• Lobby to increase nontaxable pension bracket or reduce pension tax	Reduced member pension because Provident/Pension Fund benefit is also subjected to taxation.
High Court ruling on Bounced Cheques	• Auto reconciliation of accounts • Enhance e-service and other online service	Increased default rate (Issuance of bounced cheques is considered a misdemeanor and not criminal offence)
Ethics	• Enhanced collaboration brought about by good governance, transparency and loyalty • Increased compliance to regulatory and legal requirements	
Technological Environment		
Digital uptake, Data Analytics and Emerging Technologies e.g Hybrid & Virtual Meeting	• Adoption of modern technologies such as cloud, artificial intelligence, and machine learning to increase efficiency, enhance customer experience and reduced cost • Integrate with other platforms and continually improve technology • Opportunity to hold virtual & hybrid meetings enhancing Business continuity and Reduction of costs	Exposure to cybercrime
Cyber Security	• Put system safeguards and regularly test resilience against cyber-attacks • Capacity building	

FACTORS	EFFECTS	CHALLENGES
Technological Environment		
Unprecedented environmental changes	• Develop and implement Environmental, Social and Corporate Governance (ESG) policy	Approximately one (1) billion poor people in the world lack essential services, making them especially vulnerable to environmental and socio-economic changes.
Demographics, lifestyle and cultural trends towards saving	• Shaping the attitude towards saving by including Social Security in the education curriculum	Demographics of age, lifestyle and cultural trends such as attitudes toward working conditions, technology uptake or Consumer beliefs may impede savings

However, despite the challenges the Fund has a lot of opportunities in voluntary contribution, wide coverage to all parts of the country, and development of the available land for investment income generation.

Procurement Policy Statement

The Fund procures goods, works and services as per the provisions of the Public Procurement and Asset Disposal Act 2015, other relevant laws and Government guidelines with the objective of optimal use of the Fund's resources.

All procurement complies with the relevant budget and the procurement plan.

Key Projects and investment decisions

Sno	Name	Budget
1	EDMS (Electronic Document Management System)	200,000,000
2	Refurbishment - Investment Buildings	100,000,000
3	Server Upgarde	400,000,000
4	Data Recovery Centre	200,000,000
5	SAP/SSPAS Upgrade	100,000,000
6	Proposed Kisumu Housing	500,000,000
7	Hazina Village Mavoko	500,000,000
8	CCTV Social Security House Nairobi	125,000,000
9	Refurbishment Hazina Plaza Mombasa (Polana)	212,000,000
10	Bank Reconciliation Module	100,000,000
11	SDWAN and Biometrics	300,000,000
	Total	**2,737,000,000**

Going Concern

The Fund is in the process of reviewing the Performance Measurement and Management System. The envisioned system will enhance and facilitate the evaluation of performance of the Fund through four perspectives namely: Financial, internal process, customer, and people & culture perspectives. This is in line with the requirement of Mwongozo that the going concern of an organization be measured using the Triple Bottom Line concept which focuses not only on profit, but also on people and the planet.

The implementation of the performance system will also facilitate the inculcation of performance-oriented culture among staff and based on various surveys carried out by external consultants, the trend of Fund repositioning positively is on the increase. During the year, performance reports were generated using the balance score card performance management system.

Code of Ethics and Conduct and Whistle-Blowing policy

The Board of Trustees and staff are committed to enhancing ethics and integrity in the Fund in accordance with Chapters 6 and Article 232 of the Constitution of Kenya on Leadership and Integrity and Values and Principles of Public Service respectively.

The commitment is demonstrated by formulation of the Leadership & Integrity Code and Whistle Blower Policy. The two policies have been posted in the NSSF website for all stakeholders to familiarize themselves with them. The aim of posting is to enlist support from the stakeholders in enhancing ethics and integrity in the Fund.
In addition, all employees are required to sign an Acknowledgement Form confirming that they have read, understood and will abide by the Code.

Compliance with statutory Requirements

The Fund is fully compliant with statutory requirements

Compliance with Retirement Benefits ACT

The NSSF Act Cap 258 provides that NSSF shall be subject to all the provisions of the Retirement Benefits Act. Rule 28 (2) of the occupational rules for a retirement benefit scheme requires the Fund to maintain an account under which all transactions should be recorded.

Key Exposure Risks

Based on the enterprise risk management framework, the following key exposure risks have been identified and strategies put in place to manage them:

a) Change of NSSF Act – the Fund is constantly lobbying for a stable legal environment that will enable achievement of mandate.
b) Competition of Tier II opting out- The Fund has embarked on an aggressive reengineering of its products, processes and delivery channels.
c) Legacy debts especially amounts owed by government entities (contribution and tax refunds)- the Fund is aggressively lobbying government, and adoption of alternative dispute resolution methods and enhancement of debt monitoring system.

d) Market volatility- the Fund has ventured into alternative investments for diversification of assets and markets.
e) Low returns- the Fund has reviewed its contracts with investment service providers to be performance based and incorporation of strict performance monitoring.
f) Cybersecurity threats- the Fund is in the process of implementing holistic cyber security solutions to detect, deter and prevent intrusion.
g) Data integrity- the Fund is in the process of cleaning member databases to ensure correct ledgers and obligations
h) Culture- the Fund is currently implementing a culture change program that will address historical injustices and culture of conservatism, risk averseness and indecisiveness.
i) Frequent changes in Board membership and political interference- the Funds endeavors to adhere to good corporate governance practices

Material Arrears in Statutory and Other Financial Obligations

The Board of Trustees confirm that: -

- the Fund does not have any material pending bills, outstanding taxes, outstanding staff & pension obligations.
- The Fund does not have any actuarial deficit on its pension scheme obligation.
- The Fund operates under three schemes i.e. the Old provident Fund, New provident Fund and the Pension Fund as provided in NSSF Act Cap 258.

11. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Social Security Fund exists to transform lives and protect Kenyans from old age poverty through its well-articulated mission to empower our members to achieve financial security through prudent investments and value adding solutions. Through the environmental and sustainability reporting, the Fund communicates its environmental impact, performance, and commitment to sustainable practices to both internal and external stakeholders. This reporting is typically done through reports made to various key government stakeholders and other relevant statutory agencies, and disclosures demonstrating Fund's transparency about its environmental practices and the efforts made to minimize its ecological footprint that promote sustainable development in line with the government's initiatives.

NSSF has made impactful strides in its commitment towards harnessing environmental and sustainable practices that bear favourable benefits to the communities targeted by these activities. This reporting demonstrates NSSF's transparency about environmental practices and the subsequent efforts to minimize our ecological footprint and the promotion of sustainable development.

i. Sustainability strategy and profile

The top management of the Fund is cognizant of sustainability requirements to make the world a better place for current and future generations and is consequently involved in a raft of activities that promote sustainability in line with Sustainable Development Goals (SDGs). Our business directly and indirectly addresses some SDGs outlined as: ending poverty in all its forms everywhere (SDG1), ensuring healthy lives and promote well-being for all at all ages (SDG3),ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all (SDG4), achieving gender equality and empowering all women and girls (SDG5), promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG8), and making cities and human settlements inclusive, safe, resilient and sustainable (SDG11). Additionally, the Fund is continually implementing the requirements of the national values and principles of governance as anchored on article 10 of the constitution as a sustainable effort.

ii. Environmental performance

As NSSF, we are committed to promoting sustainable development and minimizing our environmental impact. Our environmental performance for the financial year 2023-2024 reflects our dedication to responsible climate change action initiatives in line with the Government's directive.

The Fund has been involved in activities that promote the management of environmental conservation to reduce environmental impact. For instance, the Fund is involved in tree planting campaigns in partnership with Kenya Forest Service, schools and other stakeholders every year in compliance with Government's tree planting initiatives. The Fund takes great cognisance of the importance of environmental stewardship by carrying out initiatives that aim to foster a culture of environmental responsibility.

Looking ahead, we remain dedicated to enhancing our environmental performance. We are committed to making a positive environmental impact and contributing to the global fight against climate change.

In conclusion, our efforts in the financial year 2023-2024 have laid a strong foundation for a sustainable future. We will continue to strive towards environmental excellence, ensuring that our operations and investments align with our commitment to protecting the environment for future generations.

iii. Employee welfare

The Fund has a Human Resource Manual that gives policy guidelines on matters around recruitment, placement, training and the welfare of its staff with an elaborate career progression guideline. The preparation of the Human Resource Manual and procedures involves the input of staff and other stakeholders to the Fund. The hiring process takes into consideration of the national values and principles of governance. The Fund runs a negotiated appraisal system that measures staff performance against previously-agreed goals, set future goals and give guidance to staff on their developmental and training needs. The appraisal system culminates into rewards and sanctions to institutionalize high performance.

The NSSF team, in a Productivity Management Training session at Lake Naivasha Simba Lodge, led by the National Productivity & Competitive Centre (NPCC), seized an opportunity provided by the Hotel Management to commemorate Tree Planting Day with a tree planting session.

Staff at the Fund undergo Continuous Professional Development (CPD) courses along requirements of the various professional bodies to which they belong to. This ensures that they remain updated with the current trends in their respective professions. To protect staff and other callers to our premises, the Fund has implemented the Occupational Safety and Health Act of 2007, (OSHA).

iv. Market place practices

The Fund promotes responsible business practices through a number of areas:

a) Responsible competition practice

The Fund ensures responsible competition practices in its procurement activities by encouraging competition among prospective suppliers of goods and services. The evaluation of their bids is done in line with the requirements of the Public Procurements and Asset Disposal Act 2015 and the legal framework that support the fight against corruption. To ensure fair competition in the pension industry, the Fund submits itself to the regulatory requirements of the Retirement Benefits Authority which is the regulator of this industry.

b) Responsible supply chain and supplier relations

The Fund maintains ethical and good business practices with regard to its suppliers by ensuring that it honours the terms of its contracts and respecting the payment practices.

c) Responsible marketing and advertisement

The Fund has made great effort to ensure that its members have the right information at the right time through mainstream media, social media, and one-on-one engagements with its stakeholders. NSSF ensures that transparency, trust, and credibility as core practices are well maintained among its members and the public in order to win over public trust and confidence. Transparency and truthfulness as a good practice ensures that all marketing materials and advertisements accurately represent the services offered, benefits due to members. This best practice helps avoid any misinformation that may be have detrimental effect on potential members.

Marketing communication plays a critical role which encompasses the development of educative content that enables creation of awareness to the targeted segment of the public about the importance of social security with regard to saving for a secured future.

Responsible marketing considers the environmental impact of marketing campaigns and chooses sustainable practices that complements environmental sustainability. Through the uptake of relevant technology, NSSF has undertaken measures aimed at avoiding excessive use of paper materials for digital communication when possible.

d) Product stewardship

The Fund endeavours to protect consumer rights and interests by installing an internal whistleblowing policy and reporting channels where members and other stakeholders make inquiries about the services we give them. In addition, the Fund also cooperates with government agencies like the Office of the Ombudsman where members of the Fund and other stakeholders raise concerns whenever they are not satisfied with our services.

Further to this, NSSF has taken a proactive approach to ensure that these products and services meet the highest standards of quality and transparency in compliance with the provisions of the NSSF Act No.45 of 2013.

By adopting product stewardship practices, NSSF has demonstrated its commitment to providing attractive products and services through research and innovation, competitive retirement benefits, and by extension, protecting the interests of its members, and largely contributing to their financial security in their golden years.

Corporate Social Responsibility / Community Engagements

At NSSF, we recognize the significant role we play in contributing to the well-being and development of the communities and stakeholders we serve. We understand that being a responsible corporate citizen goes beyond our core business operations, and we are committed to making a positive impact on society through our Corporate Social Responsibility/Investment (CSR/CSI) initiatives and community engagements.

We are driven by a strong sense of responsibility to give back to society, and we continually strive to be a force for good in the communities we serve. Our CSR/CSI and community engagement efforts are not just token gestures but reflect our genuine commitment to making a lasting and positive impact on the lives of the people we touch. The Fund has integrated the social and environmental concerns to its business operations and interactions with its stakeholders. Stakeholder engagement has enabled the Fund achieve a better return on investment which has yielded increased revenue in terms of arrears, penalties, membership. This can be attested to the various success stories attributed to these impactful initiatives. During the year that ended on the 30th June 2024, the Fund spent **Kshs. 16,520,545** on CSR/CSI sponsorships around these key pillars aligned to the CSR policy namely; education, social welfare, sports, health and environment.

1. Education

NSSF is committed to enhancing access to quality education for disadvantaged and vulnerable communities in Kenya. The Fund therefore recognizes that school children form our future market if they are afforded better learning opportunities today. The education sector is overstretched in terms or resource allocation thus hampering every effort to guarantee a conducive learning environment. The Fund promotes education as a critical Sustainable Development Goal through corporate social responsibility initiatives that include infrastructural development, stocking of libraries, and restoration of sanitation facilities in schools across the country.

During the financial year 2023/2024, the Fund sponsored various schools, both primary and secondary on infrastructural development as a means to create a conducive learning environment. Additionally, the Fund partnered with the Kenya Music Festival as an avenue to inculcate a saving culture among the young in their formative years.

By investing in education, NSSF aims to empower the youth with the knowledge and skills they need to build a better future for themselves and their communities.

NSSF was delighted to congratulate Nairobi Primary School as the overall champions of the Kenya Music Festival Awards held at the Dedan Kimathi University of Technology in Nyeri County on 30th August,2023. The school was awarded the overall trophy for their presentation on Kiswahili Coral Verse under class 1140H, which was based on the theme "NSSF Growing You For Good".

2. Health

NSSF Kenya recognizes the importance of a healthy population for overall social and economic development. The Fund actively supports healthcare initiatives that improve access to essential medical services, especially in marginalised/underserved areas.

NSSF engages in collaborative partnerships with the Government and other reputable organizations to address and promote public health issues with a special focus on HIV/AIDS, malaria, malnutrition, reproductive health, and maternal/child health and the support in the creation of health awareness campaigns.

3. Sports

Kenyans resonate very well with sporting activities, especially athletics and football. NSSF recognizes the role of sports in promoting a healthy lifestyle, fostering talent, and building cohesion among communities. NSSF's involvement in sports is aimed at inculcating the social security spirit in an industry with low uptake of social security protection for many years, with a number of sportsmen retiring into poverty despite having enjoyed glorious days as sportsmen. Supporting sports also provides an excellent platform to reach the youth and entrench the culture of saving among this untapped market segment. The Fund has partnered with other sports stakeholders including the *Sports Personality of the Year Awards* (SOYA) held annually to recognize outstanding athletes who have brought fame to our country.

Corporate Communication Manager Dr. Christopher Khisa presenting a sponsorship cheque to the SOYA Founder Dr.Paul Tergat for the 20th Edition of the SOYA Awards at the Serena Hotel, Nairobi.

4. Social Welfare

NSSF is dedicated to promoting social welfare and inclusivity. The Fund has collaborated with various local agencies and neighbouring communities to support vulnerable populations, such as orphaned children, elderly individuals, and persons with disabilities. The Fund distributed food stuff to needy school going pupils and families in areas highly adversely ravaged. Reeling from the ravaging effects of socio-economic distress and the pain of misery that brings about unprecedented levels of pressure, many vulnerable people suffer the consequent of declining socio-economic purchasing power leading to deplorable lifestyles.

Marketing, Member & Customer Experience Manager Madam Catherine Ouma accompanied by Lilian Ratego during the presentation of a sponsorship cheque to the Little Sisters of the poor-Nyumba ya wazee at the NSSF Hqs.

5. Environmental conservation

CS for Labour & Social Protection Hon. Florence Bore, NSSF BOT Chairman David Kariuki and NSSF's CEO/Managing Trustee David Koross during a tree planting exercise on 10th May,2024 at Chepalungu Forest, Bomet County.

NSSF is committed to environmental conservation and sustainability. NSSF actively engages in initiatives aimed at protecting the environment and mitigating climate change, a move aimed at: reducing greenhouse emissions, stopping and reversing deforestation and, restoring deforested and degraded landscapes.

This includes tree planting campaigns to restore and preserve forests, promoting waste management and recycling projects, and encouraging energy efficiency measures. By promoting environmental responsibility, NSSF aims to contribute to a greener and more sustainable future for Kenya. The Fund endeavours to play an integral part in the conservation of the environment by undertaking annual tree planting initiative across the country and other related activities to promote a sustainable environment as a lasting impact.

6. Stakeholder Engagement

NSSF's places a strong emphasis on stakeholder engagement as a key pillar. During the financial year 2023/2024, the Fund carried out a series of stakeholder engagement forums preceding the launch of the Corporate Strategic Plan 2023-2027.

NSSF believes that effective and meaningful engagement with its stakeholders is essential for developing impactful and sustainable stakeholder engagement initiatives. Stakeholder engagement allows NSSF to understand the diverse needs, expectations, and concerns of the people and communities it serves, ensuring that its CSR efforts are aligned with their genuine requirements. NSSF has mapped out its stakeholders based on the unique needs and expectations in line with our stakeholder engagement strategy.

The CEO David Koross at the Stakeholder engagement forum held to promote the inclusion of refugees in NSSF's Haba Haba product.

Mr. Peter Muiruri, Manager of Property Development, Mr. Hillary Mwaita, Manager of Registration & Compliance, Mr. Evans Ombui, Regional Manager Nyanza engaging various stakeholders in the validation of the draft Corporate Strategic Plan 2023/2027 and sensitization on the NSSF ACT 2013.

12. REPORT OF THE TRUSTEES

The Board of Trustees submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the National Social Security Fund's affairs.

i. Principal activities

The principal activities of the Fund, as provided under Section 4 of the NSSF Act Cap 258, are to register members, receive their contributions, invest the funds, process and ultimately pay out benefits to eligible members or their dependents.

Results

The results of the Fund for the year ended June 30, 2024 analysed as below: -

Parameter	2024	2023	Growth
Member Contribution	62,288,402,382	26,873,595,651	132%
Active Members	3,331,611	2,961,677	12%
Active Employers	78,009	78,549	-1%
Benefits paid	9,713,289,275	6,675,201,682	46%
Members paid	109,648	103,744	6%
Investment Income	39,617,489,184	30,968,154,051	28%
Return on Investment	41,703,591,501	12,335,710,089	238%
Increase in Net Assets	88,024,375,783	26,398,966,656	233%
Members' Funds	400,146,207,377	312,121,831,596	28%
Fund Assets	402,173,981,547	313,941,716,403	28%

ii. Investment of funds

Fund managers are responsible for the day-to-day management of investment funds. However, the overall responsibility for investment and performance lies with the Board of Trustees. We confirm that there is no self-investment, nor have any Fund assets been used as security or collateral on behalf of the employer or any connected business or individual. The Fund's net assets position as at 30 June 2024 was as follows:

Compliance with RBA Investment Requirements

Particulars	2024			2023		
Categories of assets	Value	%	RBA Max % Req	Value	%	RBA Max % Req
Investment Portfolio						
Term and demand deposits	11,444,491,210	3%	30%	14,930,219,070	5%	30%
GoK Securities	260,982,317,129	67%	90%	187,777,157,258	62%	90%
Corporate bonds	1,723,248,494	0%	20%	1,741,965,721	1%	30%
Quoted Equities	61,185,359,154	16%	70%	52,986,064,443	17%	70%
Unquoted equities	4,434,193,637	1%	5%	787,911,498	0%	5%
Immovable property	35,389,483,481	9%	30%	35,535,225,456	12%	30%
Others	13,489,447,272	3%	10%	10,284,194,534	3%	10%
Offshore investment	1,063,938,283	0%	5%	-	0%	5%
Investment Assets	**389,712,478,660**	**100%**		**304,042,737,981**	**100%**	
Other assets	**12,461,502,887**			**9,898,978,422**		
Total Assets	**402,173,981,547**			**313,941,716,403**		

iii. Member interest

Section 2 of the NSSF Act 2013 requires that investment income be credited to the accounts of individual members, at such rates as the Board may, in consultation with the Actuary or such other qualified person, determine and approve at least annually, having regard to the income on the Fund's assets. Interest declared and paid in the last five years is as follows:

Financial Year	Declared interest %
2017/2018	7
2018/2019	3
2019/2020	3
2020/2021	10
2021/2022	4

iv. Trustees

The members of the Board of Trustees who served during the year are shown on the table. In accordance with NSSF Act 2013, trustees serve for a maximum of two terms of three (3) years each subject to reappointment after the initial term.

v. Fiduciary Responsibility Statement

The Board of Trustees believes that governance is a key issue and as such, strives to ensure that the highest governance standards are applied in its operations. It is committed to ensuring that its policies and practices reflect high standards of corporate governance practices, which includes embracing the following principles:

- Observation of high standards of ethical and moral behaviour.
- Acting in the best interests of members and stakeholders.
- Establishment of a formidable risk management system.
- The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.
- The trustees have ensured that the fund managers and custodians have carried out all scheme investments and that all scheme assets and funds are held by the custodians.

vi. Auditors

The Auditor-General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2024.

By Order of the Board

.....

Ms. Kellen Njue
Corporation Secretary
Date

13. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, National Social Security Fund Act Cap 258, the Retirement Benefits Act, 1997, and Section 14 of the State Corporations Act No. 446 require the Trustees to prepare financial statements in respect of the Fund, which give a true and fair view of the state of affairs of the National Social Security Fund for the financial year and the operating results of the Fund for that year. The Trustees are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Trustees are also responsible for safeguarding the assets of the Fund.

The Trustees are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv)Safeguarding the assets of the Fund, (v)selecting and applying appropriate accounting policies, and (vi)Making accounting estimates that are reasonable in the circumstances.

The Board of Trustees confirm that, during the year under review, in the execution of their duties they have complied with all legal requirements and wish to confirm that:

- Adequate accounting records were kept inclusive of proper minutes of all resolutions passed by the Board of Trustees;
- They took such steps as were reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- Proper internal control systems were employed by or on behalf of the Fund;
- Adequate and appropriate information was communicated to the members including their rights, benefits and duties in terms of the rules of the Fund;
- Reasonable steps to ensure that contributions, where applicable, were paid timely to the Fund;
- Expert advice was obtained on matters where they lacked sufficient expertise;
- The rules, operation and administration of the Fund complied with all applicable legislation; and,
- Funds were invested and maintained in accordance with the Fund's investment policy statement.

Approval of the annual financial statements

The Trustees' accept responsibility for the Fund'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 and the Retirement Benefits Act.

The Board of Trustees is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Board of Trustees further confirm the completeness of the

accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of Trustees has assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of Trustees to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Fund's financial statements were approved by the Board on **12 August 2024** and signed on its behalf by:

.....	.....
Mr. David Kariuki Njeru	**Mr. David Koross**
Chairman, Board of Trustees	**CEO/Managing Trustee**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website:www.oagkenya.go.ke

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Social Security Fund set out on pages 1 to 67, which comprise the statement of net assets available for benefits

as at 30 June, 2024 and the statement of changes in net assets available for benefits, statement of changes in accumulated members' fund, 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 National Social Security Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with National Social Security Fund Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Social Security Fund 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects net revenue budget and actual on comparable basis of Kshs.78,942,917,020 and Kshs.105,290,393,953 resulting into an over performance Kshs.26,347,476,933 or 33% of the budget. The revenue overperformance is attributed to the upward revision of the mandatory contributions to the Fund by the employers and employees. However, this fact was not taken into account in formulating the revenue budgeting of the Fund.

Similarly, the capital budget absorption for the year under review reflects final capital expenditure budget and actual on comparable basis of Kshs.4,062,000,000 and Kshs.206,328,431 resulting to an underutilization of Kshs.3,855,671,569 or 95% of the budget.

The underutilization of development budget affected the Fund's planned activities and projects may have impacted negatively on members return by way of investment income.

2. Long Outstanding Tax Recoverable

Note 31 to the financial statements reflects tax recoverable balance of Kshs.940,336,114 comprising of tax refund due from KRA (1996,1997), tax on interest earned from bank

balances, and low interest tax of Kshs.904,903,717, Kshs.28,937,527 and Kshs.6,494,870 respectively. The tax refund due from KRA (1996,1997) relates to 1996 and 1997 income tax return amounts of Kshs.493,257,328 and Kshs.411,646,389 that were inadvertently paid to the Kenya Revenue Authority (KRA) after the Fund had become tax exempt. The balance of Kshs.35,432,397 relates to 2019/2020 withholding income tax withheld by various banks. However, Management did not provide for audit review evidence of progress made in refund of the over paid taxes.

In the circumstances, the Fund has not been getting any returns on the long outstanding tax receivable balance of Kshs.940,336,114.

3. Revocation of Irregularly Issued Land Title Deed

The statement of net assets available for benefit and as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,389,483,481 net of provisions for the cost of undeveloped land located in Upper Hill Nairobi. The land was purchased by the Fund from a private developer for Kshs.115,000,000. However, the title deed was revoked through Kenya Gazette Notice No. 3460 of 1 April 2010 on the grounds that though the title was allocated and issued to a private developer the parcel was reserved for public purposes under the relevant provisions of the Constitution, Government Land Act (Cap 280) and the Trust Land Act (Cap.288). The Fund filed the case in court and is currently awaiting a determination.

My opinion is not modified in respect of these matters.

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 Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not fully resolved the issues as at 30 June, 2024.

Other Information

The Trustees are responsible for the other information set out on page iii to xlix which comprise of Key Entity Information ,The Board of Trustees, Key Management Team, Fiduciary Management, Chairman's Statement, Report of the Chief Executive Officer/Managing Trustee, Statement of Performance Against Predetermined Objectives,

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees 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 Fund'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 and I am required to report that fact. In my opinion, except for the matter described below, I confirm that the Other Information is not materially inconsistent with the financial statements.

Unachieved Performance Targets

Review of the statement of performance against pre-determined objectives revealed a target return of 15% for members, however only 8% was achieved resulting to under performance by 7%. Further, the target for new member registrations was 650,000 but only 556,304 was achieved resulting to under performance of 93,696 or 14% below the target. Further, the performance targets for eight (8) items were not reflected in specific and measurable terms contrary to requirement of the reporting template which states that the management should outline the strategic pillars, activities aimed at achieving them and outputs under each strategic pillar.

In the circumstances, Management did not achieve the pre-determined performance targets for the year.

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 conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters 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

1. Non-Performing Investments in Quoted Equities

The statement of net assets available for benefits and as disclosed in Note 23 to the financial statements reflects quoted equities of Kshs.61,185,359,124. The investments

include shares held in two (2) companies valued at Kshs.127,076,491 as at 30 June, 2024 whose value decreased by Kshs.27,218,265 or 17.64% from Kshs.154,294,756 as at 30 June, 2023.

In the circumstances, value for money from the continued holding of the quoted investment of Kshs.127,076,491 in two (2) companies could not be confirmed.

2. Non-Performing Investment in Unquoted Equities

The statement of net assets available for benefits and as disclosed in Note 22 to the financial statements reflects private equity and other unlisted securities balance of Kshs.5,498,131,920 which includes value of shares held at a local bank of Kshs.38,428,500. However, the performance of the bank has been declining over the years and no return by way of dividend or capital appreciation was earned.

In the circumstances, the value for money from the shares held at a local bank of Kshs.38,428,500 could not be confirmed.

3. Loss on Realization of Investments

The statement of changes in net assets available for benefits as disclosed in Note 10 to the financial statements reflects loss on realization of investment of Kshs.215,684,206 which includes loss of Kshs.233,083,273 on realization of treasury bonds which is an increase from loss of Kshs.77,927,393 reported in 2022/2023 financial year. This is contrary to Section 2.1 of the Fund's Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner.

In the circumstances, Management was in breach of the law.

4. Fund's Premises Rented Out without Valid Lease Agreements

The statement of changes in net assets available for benefits and as disclosed in Note 8 to the financial statements reflects investment income amount of Kshs.39,617,489,184 which includes rent income of Kshs.979,781,168. Review of records provided revealed that eight (8) tenants owed the Fund Kshs.13,973,012 and have obtained court injunctions. Among these, two clients have been under paying their rent and not paying on a regular basis resulting to accumulated balance of Kshs.5,183,306. Further, other five (5) tenants were occupying the premises without lease agreements despite the Fund's efforts to have these tenants sign new lease agreements. This has denied the Fund rent due for the use of its premises.

In the circumstances, the Fund has not realized value for money from the continued occupancy of the office space by non-paying tenants.

5. Payables and Accruals

The statement of net assets available for benefits and as disclosed in Note 34 to the financial statements reflects payables and accruals balance of Kshs.2,027,774,170. The following unsatisfactory matters were however noted: -

5.1. Long outstanding Taxes Payables

Included in the payables and accruals balance are taxes payable to the Kenya Revenue Authority of Kshs.59,714,401 whose ageing analysis indicated that Kshs.48,642,267 relate to the year 2020 and prior years. This was contrary to Section 19(1) and (2) of VAT Act, 2013, Regulation 23(2) (a) of Public Finance Management (National Government) Regulations, 2015 and Section 74(4) of Public Finance Management Act, 2012 which require payment VAT and other taxes due to be made promptly.

5.2. Long outstanding Trade Payables

Included in the payables and accruals are payables amounting to Kshs.8,979,169 that had been outstanding for periods exceeding than two years. This was contrary to The National Treasury circulars dated 24 June, 2023 and 16 June, 2020 which require public entities to pay their creditors in a timely manner.

In the circumstances, Management was in breach of law.

6. Staff Over Establishment and Employees in Acting Capacity Beyond Stipulated Period

The statement of changes in net assets available for benefits and as disclosed Note 13 reflects administration cost of Kshs.6,950,213,769 which includes staff costs of Kshs.4,585,675,718. However, review of the Fund staff establishment revealed that some of the cadres had exceeded the approved staff establishment. Seven (7) job cadres had establishment for sixty six (66) position while staff in post was eighty (80) exceeding resulting to an over establishment by fourteen(14).

Further, review of the payroll and human resources records revealed that six (6) employees had been appointed in an acting capacity for periods exceeding six (6) months. This was contrary to Section 34 (3) of Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months. The affected staff were on acting appointment up until the time of audit in September, 2024.

In the circumstances, Management was in breach of the law.

7. Administrative Costs

The statement of changes in assets available for benefits and as disclosed in Note 13 to the financial statements reflects administrative costs of Kshs.6,950,213,769. The following unsatisfactory matters were however noted: -

7.1. Irregular Procurement of Conference Facilities

The administrative costs amount includes meetings, travelling and subsistence amount of Kshs.317,586,319 out of which Kshs.11,312,400 relates to conference facilities. The facilities were however procured through request for quotations from non-registered suppliers. This was contrary to Section 105(a) of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum of Kshs.3,000,000 for using requests for quotations as prescribed in Regulations.

Further, an amount of Kshs.3,337,000 was paid to a local hotel which exceeded the contracted value in the Local Purchase Order (LPO) of Kshs.1,000,000 resulting to over expenditure of Kshs.2,337,000. Management indicated that the over expenditure was due to extended duration in the hotel. However, there was no pre-approval to engage the Hotel for the extra service that was paid.

In the circumstances, Management was in breach of law.

7.2. Irregular Procurement of Fuel through Cash

The administrative costs also include motor vehicle running expenditure of Kshs.51,026,216. However, review of the fuel ledger revealed cash purchase of fuel amounting to Kshs.3,205,688 made through standing imprest. This was contrary to the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 which sets the maximum value for low value procurement under goods at Kshs.50,000 per item per financial year. Although Management explained that they contracted a fuel dealer who had Framework Agreement from Ministry of Lands, Public Works and Urban Development, the dealer did not have fuel stations countrywide. However, audit verifications revealed that imprests issued were for high amounts and the Fund should have procured other fuel suppliers competitively to comply with the law.

7.3. Irregularities in the Procurement of Renovation Works

The administrative costs amount includes repairs and general maintenance amount of Kshs.410,888,300 out of which Kshs.14,438,945 was spent on renovation works procured through request for quotations. However, a single committee was appointed to both open and evaluate the quotations contrary to Regulation 91(2)(a) and (b), (3) and (4) of Public Procurement and Asset Disposal Regulations, 2020, which states that Accounting Officer or such other person delegated in writing by that accounting officer shall, and for the purposes of the procurement process, appoint an ad hoc opening committee in accordance with Section 78 of the Act, and the ad hoc evaluation committee in accordance with Section 46 of the Act and Regulation 39 of these Regulations

In addition, there was no evidence of preliminary and technical evaluation of the submitted quotations. Review of quotation and the opening minutes revealed several gaps in the process such as unsigned minutes by all the committee members and works that were neither inspected nor accepted by committees immediately after completion.

In the circumstances, Management was in breach of the law.

8. Investments in Government Bonds

The statement of net assets available for benefits and as disclosed in Notes 17 and 19 to the financial statements reflects Government Securities; treasury bonds and corporate bonds balances of Kshs.253,804,875,051 and Kshs.1,723,248,494 respectively. The following unsatisfactory matters were however noted: -

8.1. Purchase of Bonds at a Premium

Review of the Fund's bank statements revealed that bonds which were purchased at a cost of Kshs.12,000,300,000 were purchased at a premium of Kshs.500,711,695 without satisfactory explanations. Further, there was no analysis provided for audit comparing the premium paid which in some instances was higher than the coupon rates earned for the period before purchase. This contravenes Section 2.1 of the Fund Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner.

In the circumstances, the Fund assets investment may not have been undertaken prudently.

8.2. Trading in Bonds

8.2.1. Sale of Bonds at Discount Price

The schedule of treasury bond purchases, sales and redemption and bank statements reflects bonds purchased at a nominal value of Kshs.5,108,450,000 were sold for Kshs.4,319,290,919 below the bond's par value by Kshs.789,159,081. This was contrary to Section 2.1 of Fund Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner.

It was noted that some bonds recorded high capital losses and the yield rate was minimal and Management did not compare the high capital losses with the yield rate for each bond.

8.2.2. Bonds Purchased at Premium but Sold at Discount

Audit verifications carried out revealed that similar bonds purchased and sold during the year under review were purchased at a premium at prices higher than the nominal price amounting Kshs.79,077,296 and sold at discounted prices amount of Kshs.192,967,771 resulting to a capital loss of Kshs.272,045,067. No satisfactory explanation was provided

for decision to purchase the bonds at premium and sell at discount within the same period. This contravenes Section 2.8 of the Fund Investment Policy Statement, 2020 which requires that investments shall be made with proper judgement and care under the circumstances prevailing which pursue prudence, discretion and intelligence exercise considering probable safety of the capital as well as the probable income to be derived.

In the circumstances, the assets of the Fund might not have been invested prudently and safeguarded from decline in value.

9. Investment Property

The statement of net assets available for benefits as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,389,483,481. The following inconsistencies were however noted:-

9.1. Irregular Operations at Kisumu Investment Property

Included in the investment property balance is Kisumu Estate Land of Kshs.220,000,000. Kisumu Municipal Council owed NSSF statutory deductions amounting to Kshs.228,769,145 as at 6 October, 2011 for which the Council paid Kshs.69,500,000 leaving a balance of Kshs.159,269,145. During the Fund Board of Trustees meeting on 16 December, 2011 a debt swap was approved with the defunct Council which was subsequently adopted by the full Council in their meeting of 19 December, 2011. As previously reported there has been some interferences from the County Government of Kisumu. Further, physical verification carried revealed there was an occupant on the land operating a garage. However, tenancy agreements for the occupancy were not provided for audit review contrary to Section 51(1) of National Social Security Fund Act, 2013 which states that the Board of Trustees shall cause to be kept all proper books of account and other books and records in relation to the Fund and to all the undertakings, funds, investments, activities and property of the Fund as the Board of Trustees may deem necessary.

In the circumstances, Management was in breach of the law while beneficial ownership to the property could not be confirmed.

9.2. Idle Properties in Nairobi Central Business District

The balance includes value of five (5) properties located at Nairobi Central Business District valued at Kshs.4,022,000,000 as at 30 June, 2024 which remained idle during the year under review. This was contrary to Section 1.5.2 of Fund Investment Policy statement, 2020 which states that the Board had adopted the Investment Policy Statement to ensure that assets are structured and invested in a prudent manner at all times.

In the circumstances, Management was in breach of the law while beneficial ownership to the properties could not be confirmed.

10. Property, Plant and Equipment

The statement of assets available for benefit and as disclosed in Note 25 to the financial statement reflects property, plant and equipment balance of Kshs.433,365,273. The following unsatisfactory matters were however noted:-

10.1. Management Failure to Dispose Obsolete Assets

Review of the 2023/2024 annual procurement plan and annual operating plan revealed the Fund holds obsolete property, plant and equipment with reserve price of Kshs.5,843,000 which were earmarked for disposal and a disposal committee constituted but the disposal was not done contrary to Regulation 180(1) of Public Procurement and Asset Disposal Regulation, 2020 provides that an Accounting Officer shall be primarily responsible for ensuring that the procuring entity fulfills its asset disposal obligations.

10.2. Unprocedural Procurement of Furniture

10.2.1. Unprocedural Procurement of Desktop Reception

Included in the property, plant and equipment balance is furniture additions of Kshs.36,340,392 which included Kshs.2,080,000 paid for quotation number NSSF/RFQ-44/2023-2024. The procurement related to supply of reception desk awarded to a supplier at quoted sum of Kshs.2,080,000. However, review of the quotation opening minutes revealed that the quotation were opened and evaluated by the same committee on 5 December, 2023 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement in accordance with the following requirements and such other requirements as may be prescribed which includes a requirement that the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

10.2.2. Unprocedural Procurement of 8 Bay Bulk Filer

Included in the furniture additions balance of Kshs.36,340,392 is Kshs.1,046,777 relating to quotation number NSSF/RFQ-79/2023-2024 paid to a supplier for supply of one 8-bay bulk Filer. Review of the procurement documents revealed as per the quotation analysis sheet, the committee recommended the tender be awarded to the lowest bidder who had quoted amount of Kshs.980,000. However, audit review of the LPO revealed that the tender was irregularly awarded to the highest evaluated bidder at a quoted sum of Kshs.1,046,777 which contravenes Section 106 (3) of the Public Procurement and Asset Disposal Act, 2015 which states that the successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations.

Further, evaluation of the procurement documents revealed that the quotation were opened and evaluated by the same committee on 7 February, 2024 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting

Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement in accordance with the following requirements and such other requirements as may be prescribed which include a requirement that the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

10.2.3. Unprocedural Procurement of 4 Bay Bulk Filer

Included in the additions for furniture balance of Kshs.36,340,392 is an amount of Kshs.1,572,876 for quotation number NSSF/RFQ-79/2023-2024 for supply of three 4-bay bulk filers awarded to a supplier at a quoted sum of Kshs.524,292 each. However, evaluation of the procurement documents revealed that the quotation was opened and evaluated by the same committee on 7 February, 2024 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement and the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

In addition, review of quotations analysis revealed that the evaluation committee recommended award of the contract to the lowest bidder at a cost Kshs.520,000 per item totaling to Kshs.1,560,000 for the three items. However, the tender was irregularly awarded to the highest bidder at a quoted amount of Kshs.524,292 for each item totaling to Kshs.1,572,876 which contravenes Section 106 (3) of the Public Procurement and Asset Disposal Act 2015 which states that the successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations. Although Management response to management letter indicates that physical visit to furniture stores of all bidders revealed that furniture from the lowest bidder was of low quality no evidence such as photo or reports from any of the procurement committees was provided to support this claim.

In the circumstances, Management was in breach of the law.

11. Delayed Construction of Boundary Wall at Plot in Bamburi

The statement of net assets available for benefits and as disclosed in Note 27 to the financial statements reflects assets under construction balance of Kshs.128,016,172 which includes construction of a boundary wall of a plot in Bamburi of Kshs.10,152,732. As previously reported, the construction of a boundary wall of a plot in Bamburi was awarded at a contract price of Kshs.16,563,900 that was to be completed within eight (8) weeks from 12 March, 2017. The works were suspended due to encroachment by a water pipeline land and underground cables passing through the land an indication that the Fund had not conducted survey before contract award. The suspension was lifted on 21 March, 2018 but the contractor was unable to complete the work leading to contract termination after 81% of the works had been completed.

The Fund entered into a new contract with another contractor on 28 September, 2020 for completion of the remaining works at a contract price of Kshs.6,233,094 which was to be completed within eight (8) weeks. However, as at the time of the audit in September, 2024, the construction of the wall had not been completed, seven years after the expected completion period, contrary to Section 9 of the contract document which allows the procuring entity to terminate the agreement in writing if the contractor fails to perform any other obligation under the agreement.

Further, Management did not provide for audit verification any site inspection reports, meetings minutes between the Contractor, the Fund's Management and the Project Manager or the project status report as at 30 June, 2024.

In the circumstances, the value for money spent on the boundary wall could not be confirmed.

12. Staff Mortgage and Loans

The statement of net assets available for benefit and as disclosed in Notes 29 and 30 to the financial statements reflects staff mortgage scheme deposits and staff loans of Kshs.1,304,830,014 and Kshs.158,331,610 respectively. The following unsatisfactorily matters were however noted:-

12.1. Non-Preparation and Submission of Financial Statements for Staff Mortgage Scheme and Staff Car Loan

The financial statements for the Staff Mortgage Scheme and Staff Car Loan have not been prepared and submitted to the Auditor General for audit contrary to Section 84(1) and (3) of Public Finance Management Act, 2012 which states that The administrator of a national public fund established by the Constitution or an Act of Parliament shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board and Not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared under this section to the Auditor-General.

12.2. Maintenance of Separate Staff Mortgage and Car Loan Accounts

Included in Note 29 is staff mortgage scheme deposit of Kshs.1,304,830,014 and included in Note 30 on staff loans balance of Kshs.158,331,610 which includes car loans of Kshs.153,421,544. Further, Note 31 on receivables and prepayments discloses staff receivables of Kshs.43,216,478 which further includes car loan debtors and mortgage loan debtors of Kshs.15,181,924 and Kshs.6,917,601 respectively. However, no recovery was made on mortgage loan debtors and other staff loans balance of Kshs.6,917,601 which remained unchanged as at both 30 June, 2024 and 30 June, 2023.Despite the sufficient bank balances of Kshs.501,631,893 held in three banks for the staff mortgage and car loan scheme funds, it was not clear why staff were provided loans for mortgage and car purchase from the other NSSF operations. This is contrary to Regulation 54(1) of Public Finance Management (National Government) Regulations,

2015 which states that except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.

12.3. Operationalization of Staff Mortgage and Car Loan Fund without Regulations

Information provided for audit review revealed that the Fund Administrator has not developed appropriate regulations to guide the implementation of the car loan and mortgage schemes as required by the Salaries and Remuneration Commission circular reference No. SRC/ADMI/CIR/1/13 VOL. III (128) of 17 December, 2014 and the loan policy provided which includes staff mortgage and car loan among other form of loans does not indicate approved amounts.

12.4. Lapsed Agreement with Mortgage Scheme Administrator

Included in Note 29 are long term deposits held with a mortgage scheme administrator of Kshs.668,762,970. However, the agreement with the mortgage scheme administrator was signed on 17 December, 2012 for an initial duration of five (5) years with an option to renew. However, after the lapse of the first term on 16 December, 2017 there was no evidence of renewal. This was contrary to Section 68 (2) of the Public Finance Management, Act 2012 which requires that an accounting officer shall ensure that all contracts entered into by the entity are lawful and are complied with.

In the circumstances, Management was in breach of laws.

13. Receivables and Prepayments

The statement of net assets available for benefits and as disclosed in Note 31 to the financial statements reflects receivables and prepayments of Kshs.8,191,311,181. The following unsatisfactory matters were however noted.

13.1. Unrecovered Long Outstanding Staff Receivables

The receivables and prepayments balance includes staff advances of Kshs.43,216,478. However, no recovery was made on three staff receivables amounting Kshs.7,407,489 which include mortgage loan debtors of Kshs.6,917,601, other staff loan debtors of Kshs.434,749 and staff vehicle insurance advance of Kshs.55,139, all of which were outstanding as at 30 June, 2023.This was contrary to Regulation 64(1)(a) and (b) of Public Finance Management (National Government) Regulation, 2015 which states that an Accounting Officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and other public moneys relating to their Ministries, departments or agencies and that adequate measures, including legal action where appropriate, are taken to obtain payment.

Further, Management did not explain why it had not recovered from the payroll of the affected staff for the long overdue staff receivables.

In the circumstances, Management was in breach of the law.

13.2. Long Outstanding Advance Payment on Stalled Embakasi Scheme Project

The balance includes deposits and prepayments balance of Kshs.275,193,480 which further includes advances and deposits to suppliers of Kshs.274,297,180 which includes the deposit paid to a contractor of Nyayo Estate Phase VI Construction Project of Kshs.215,883,806. However, the schedule provided reflects balance of Kshs.215,883,806 differs with the balance reflected in previous year audit report of Kshs.215,540,774 resulting to a difference of Kshs.343,032.

Further, as previously reported, the construction of 324 units at Nyayo Embakasi at a total cost of Kshs.2,155,407,742 by a contractor had stalled. The construction works which according to the contract signed on 21 February 2013 were to take seventy-eight (78) weeks from 2 June, 2013 to 30 November, 2014. Although, Management explained that the project stalled due to lack of approval of change of user by Nairobi City County Government no evidence was provided for approval for construction by the County Government of Nairobi.

As at the time of audit September, 2024, only forty-four (44) units had been constructed. Further, the work certified total amount of Kshs.274,675,066 and the contractor had been paid Kshs.227,900,500 on top of mobilization fee of Kshs.215,540,774. Management explained that the contractor had been requested to refund Kshs.168,766,208 and that the Fund was exploring alternative dispute resolution mechanism but the supporting correspondences were not provided. As at the time of audit in September, 2024, the Fund had not recovered the advance payment from the contractor of Kshs.168,766,208.

In the circumstances, Management was in breach of the law and the recovery of the advance payment appear doubtful.

13.3. Un-Surrender of Imprest

Included in the balance is staff advances of Kshs.43,216,478 which further includes staff imprests of Kshs.3,819,564 being amounts un surrendered by staff as at 30 June, 2024. Imprest amounting Kshs.1,149,000 had not been surrendered as at the time audit on 6 September, 2024. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

In the circumstances, Management was in breach of law.

14. Operation of Irregular Custodial Bank Accounts

The statement of net assets available for benefits and as disclosed in Note 32 to the financial statements reflects cash and bank balances of Kshs.2,200,390,732. Review of custodian bank statements revealed that the Fund has two bank accounts held in the

name of a Company who was not one of the current contracted fund managers. It was also noted that the two bank accounts were active and had numerous transactions in the year under review and had closing bank balances of Kshs.2,534,750 and Kshs.1,024,819 respectively as at 30 June, 2024.

Audit had revealed that the Company in whose name the custodian bank account were held, had traded with the Fund years ago, however name change took place and a certificate of change of name was approved by the Registrar of Companies on 14 October, 2015. It was not clear why the names of the two bank accounts had not been updated or closed given that the Fund had several other bank accounts in the new business name which is contrary to Section 66(1) of Company's Act, 2015.The law requires that a change of a company's name has effect from the date on which the certificate of change of name is issued.

Further, the Management of the Fund did not obtain the approval of The National Treasury to operate the two bank accounts contrary to Section 28(1) of Public Finance Management Act, 2012 which states that the National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all national government entities .

In the circumstances, Management was in breach of law.

15. Board of Trustees

15.1. Irregular Composition of the Board Committees

Review of the composition of the Board committees revealed that during the year under audit two (2) Board Members served in three committees without approval by the Cabinet Secretary in consultation with State Corporations Advisory Council. This was contrary to The Presidency, Executive Office of President Head of Public Service Circular dated 11 March, 2020 which states that board members can only sit in a maximum of two committees.

15.2. Irregular Board Meetings

The statement of changes in net assets available for benefit and as disclosed in Note 13 to the financial statements reflects administrative cost of Kshs.6,950,213,769 which further includes Kshs.68,782,807 for trustee' emoluments. However, review of supporting documents including trustees' minutes and corporate governance statement revealed NSSF Board of Trustees held fourteen (14) full board meetings and nine (9) Finance, Investment and Social Security committee meetings which exceeded the maximum number of six meetings approved in Office of the President Circular Ref: OP/CAB.9/1A dated March 11, 2020. Further, the same circular states that approval for any extra board meetings (including special meetings) above the maximum number specified shall require a justification by the Board as to source of funds, and implications thereof, and reasons why the same cannot be adjudicated in regular meetings, which request shall be

submitted for approval by the relevant Cabinet Secretary, in consultation with State Corporations Advisory Council (SCAC).

In the circumstances, Management was in breach of the law.

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. Delays in Allocating Client Payments

The statement of net assets available for benefits and as disclosed in Note 31 to the financial statements reflects net receivables and prepayments balance of Kshs.8,191,311,181. The balance includes clearing balances of Kshs.90,077,228. However, no explanation was provided for the delays in allocating the amounts into the relevant accounts. Clearing accounts pose the risk of unauthorized reallocation of client payments.

In the circumstances, the controls over receipting of client payments are weak.

2. Lack of Account Receivables Management Policy

The statement of net assts available for benefit reflects and as disclosed in Note 31 to the financial statements reflects receivables and prepayment of Kshs.8,191,311,181. Further, Note 33 to the financial statements reflects total provisions on assets amounting Kshs.2,294,791,266 out of which provisions amounting Kshs.946,600,881 relate to doubtful accrued income and provision for doubtful debts. However, review of the Fund's internal control systems and records revealed that the Fund had not developed and approved accounts receivables policy to guide on the controls and management of the receivables. This was contrary to Regulation 43(1)(d) of Public Finance Management (National Government) Regulation, 2015 which states that an Accounting Officer shall

manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

In the circumstances, the effectiveness of internal controls on management of accounts receivables could not be confirmed.

3. Long Outstanding Reconciliation Items Goods and Invoice Receipts Clearing

Note 34 to the financial statements discloses payables and accruals balance of Kshs.2,027,774,170 which includes payable due to vendors of Kshs.252,281,676 which further includes Goods Receipt (GR) and Invoice Receipt (IR) clearing account balances of Kshs.82,490,511. However, the balances have been long outstanding with some dating back to 2012/2013 financial year. However, Management has not provided satisfactory explanations for the delay in clearing / settling the balances.

In the circumstances, the effectiveness of the internal controls over goods and invoice receipts clearing process could not be confirmed.

4. Incomplete Assets Register and Assets Tagging

The statement of net assets available for benefit and as disclosed in Note 25 reflects property, plant and equipment balance of Kshs.433,365,273. However, most of the assets were not tagged with unique identifiers, Further, the assets register was not updated with details in respect to persons responsible, assets location and current market values.

In the circumstances, the effectiveness of internal controls over assets management could not confirm.

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.

Responsibilities of the Management and Board of Trustees

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 , Fund'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 Trustees is responsible for overseeing the Fund'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

31 December, 2024

15. STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR YEAR ENDED 30TH JUNE 2024

	Note	2024 Kshs	2023 Kshs
DEALINGS WITH MEMBERS FUNDS			
Remitted member contribution	6a	59,143,557,370	26,873,595,651
Unremitted member contribution	6b	3,144,845,013	-
Contributions receivable		**62,288,402,382**	**26,873,595,651**
Benefits Paid	7	(9,713,289,277)	(6,675,201,682)
Net Surplus from dealings with members		**52,575,113,105**	**20,198,393,969**
INVESTMENT INCOME			
Investment Income	8	39,617,489,184	30,968,154,051
FV gain/(loss) on revaluation of Investments	9	2,988,668,249	(18,436,442,556)
Gain/(loss) on realization of investments	10	(215,684,206)	457,177,114
Investment Management Expenses	11	(686,881,726)	(653,178,520)
Net Investment Income		**41,703,591,501**	**12,335,710,089**
Other Income	12	611,518,345	540,655,817
Net Revenue		**42,315,109,846**	**12,876,365,906**
OPERATING COST			
Administration cost	13	(6,950,213,769)	(6,209,643,619)
Provisions	14	84,366,599	(466,149,601
Total operating cost		**(6,865,847,171)**	**(6,675,793,219)**
Net increase in the Fund for the year		**88,024,375,781**	**26,398,966,656**
As previously reported		312,121,831,596	285,722,864,940
As restated		**312,121,831,596**	**285,722,864,940**
Net Assets as at 30 June		**400,146,207,377**	**312,121,831,596**

16. STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 30 JUNE 2024

	Note	2024 Kshs	2023 Kshs
INVESTMENT ASSETS:			
Term and Demand Deposits	15	11,444,491,210	14,930,219,070
Government Securities-(Treasury bills)	16	8,771,040	1,212,194,817
Government Securities-(Treasury bonds)	17	253,804,875,051	186,564,962,441
Eurobonds	18	7,168,671,038	-
Corporate bonds	19	1,723,248,494	1,741,965,721
Accrued Income	20	10,946,061,715	7,583,682,198
TPS Loans	21	2,543,385,556	2,700,512,336
Private equity and other unlisted securities	22	5,498,131,920	787,911,498
Quoted Stocks	23	61,185,359,154	52,986,064,443
Investment property	24	35,389,483,481	35,535,225,456
Total Investment Assets		**389,712,478,660**	**304,042,737,981**
OTHER ASSETS:			
Property, plant and equipment	25	433,365,273	504,778,177
Intangible assets	26	-	90,188,217
Assets under construction	27	128,016,172	39,978,685
Inventory	28	45,257,906	31,246,635
Staff Mortgage Scheme	29	1,304,830,014	1,281,238,196
Staff Loans	30	158,331,610	173,452,400
Receivables and Prepayments	31	8,191,311,181	6,580,672,946
Cash and bank balances	32	2,200,390,732	1,197,423,167
Total Other Assets		**12,461,502,887**	**9,898,978,422**
Total Assets		**402,173,981,547**	**313,941,716,403**
REPRESENTED BY			
Payables and accruals	34	2,027,774,170	1,819,884,806
Total Liabilities		**2,027,774,170**	**1,819,884,806**
MEMBER LIABILITIES			
Unallocated members' funds	6b	3,144,845,013	-
Accumulated members' funds	35	353,693,475,454	312,121,831,596
Member reserve accounts	35	43,307,886,911	-
Total Member Liabilities		**400,146,207,377**	**312,121,831,596**
FUND BALANCE		**402,173,981,547**	**313,941,716,403**

The financial statements were approved by the Board on 12th August 2024 and signed on its behalf by:

.....	.....	.....
Mr. David Kariuki Njeru	Mr. David Koross	**CPA Ronald Nyamosi**
Chairman of the Board	**CEO/Managing Trustee**	**GM, Finance & Investment**
		ICPAK M/NO: 3849

17. STATEMENT OF CHANGES IN ACCUMULATED MEMBERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2024

	Members' Funds Kshs	Accumulated Reserves Kshs	Total Kshs
Balance as at 30 June 2019	**181,323,190,499**	**53,747,612,588**	**235,070,803,087**
Actuarial valuation adjustment as at 30 June 2020	41,878,212,590	(41,878,212,590)	-
Net Increase/(Decrease) in Net Assets	10,299,022,671	4,283,320,342	14,582,343,014
Balance as at 30 June 2020	**233,500,425,761**	**16,152,720,340**	**249,653,146,101**
Prior year adjustment	-	-	-
Net Increase/(Decrease) in Net Assets	8,576,316,921	26,257,164,646	34,833,481,567
Balance as at 30 June 2021	**242,076,742,681**	**42,409,884,987**	**284,486,627,668**
Prior year adjustment	-	-	-
Net Increase/(Decrease) in Net Assets	10,485,091,293	(9,248,854,023)	1,236,237,270
Balance as at 30 June 2022	**252,561,833,974**	**33,161,030,963**	**285,722,864,938**
Actuarial valuation adjustment as at 30 June 2022	31,502,979,415	(31,502,979,415)	-
Net Increase/(Decrease) in Net Assets	20,198,393,970	6,200,572,687	26,398,966,657
Balance as at 30 June 2023	**304,263,207,359**	**7,858,624,235**	**312,121,831,594**
Net Increase in Fund	49,430,268,095	35,449,262,676	84,879,530,770
Unremitted member contribution	-	3,144,845,013	3,144,845,013
Balance as at 30 June 2024	**353,693,475,454**	**46,452,731,923**	**400,146,207,377**

18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Kshs	2023 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in assets		88,024,375,783	26,398,966,656
Adjustments:			
Foreign exchange losses	8h	1,023,451,512	-
Fair value gain/(loss) on revaluation	9	(2,988,668,249)	18,436,442,556
Increase in provision for Pay in Lieu of Leave	13a	19,498,333	-
Increase/(decrease) in provisions	14	(84,366,599)	466,149,601
Depreciation on property, plant and equipment	25	217,985,926	218,029,304
Amortization of intangible assets	26	90,188,217	278,592,778
Operating surplus/(deficit) before working capital changes		**86,302,464,923**	**45,798,180,894**
Changes in Working Capital:			
Increase/(decrease) in TPS Loans	21	157,126,779	-
Decrease/(increase) in inventories	28	(14,011,271)	(18,386,069)
Increase/(decrease) in Staff Mortgage Scheme	29	(23,591,818)	-
Increase/(decrease) in Staff Loans	30	15,120,790	-
Decrease/(increase) in debtors & prepayments	31	(1,610,638,235)	884,431,813
Decrease/(increase) in accrued income	20	(3,362,379,517)	(850,490,140)
increase/(decrease) in payables and accruals	33	207,889,364	(1,772,627,400)
Net Changes in working capital		**(4,630,483,909)**	**(1,757,071,795)**
Net cash flows generated from operating activities		**81,671,981,014**	**44,041,109,099**
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement/withdrawal of deposits with financial institutions	15	2,854,969,579	(4,865,871,200)
Purchase/ redemption of Treasury bills	16	1,203,423,777	414,297,820
Purchase/sale or redemption of Treasury bonds	17	(66,156,324,471)	(33,457,681,266)
Purchase/sale or redemption of Eurobonds	18	(8,803,947,549)	-
Redemption of corporate bonds	19	18,598,267	10,853,463
Purchase/sale of unquoted equities	22	(4,991,670,225)	(514,600,495)
Purchase/sale of quoted equities	23	(4,739,652,176)	(5,257,139,878)
Purchase, development/sale of land and buildings	24	269,741,975	273,114,862
Additions to property, plant and equipment	25	(111,294,975)	(283,038,526)
Purchase software	26	-	-
Additions to assets under construction	27	(95,033,455)	(25,775,191)
Receipts from TPS and other loans		(117,824,195)	(157,071,311)
Net cash flows from investing activities		**(80,669,013,448)**	**(43,862,911,723)**
Net increase/(decrease in cash and cash equivalents		1,002,967,564	178,197,376
Cash and cash equivalents as at 1 July		1,197,423,167	1,019,225,791
Cash and cash equivalents as at 30 June		**2,200,390,732**	**1,197,423,167**

19. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2024

	Original budget 2023-2024	Revision 1	Adjusted Budget 2023-2024 After Revision 1	Revision 2	Final budget 2023-2024	Actual Expenditure 2023-2024	Performance difference 2023-2024	%
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue:								
Contribution	20,310,079,000	18,274,826,720	38,584,905,720	-	38,584,905,720	62,288,402,382	23,703,496,662	61
Dividend income	4,000,000,000	2,000,000,000	6,000,000,000	-	6,000,000,000	4,198,497,148	(1,801,502,852)	(30)
Interest income	24,850,000,000	4,000,000,000	28,850,000,000	-	28,850,000,000	34,871,715,164	6,021,715,164	21
Rent income	1,340,640,300	-	1,340,640,300	-	1,340,640,300	1,230,183,008	(110,457,292)	(8)
TPS interest income	422,000,000	-	422,000,000	-	422,000,000	272,943,048	(149,056,952)	(35)
Unrealized gain on investments	3,012,657,000	482,714,000	3,495,371,000	-	3,495,371,000	2,988,668,249	(506,702,751)	(14)
Realized gain on investments	150,000,000	-	150,000,000	-	150,000,000	-215,684,206	(365,684,206)	(244)
Other Investment Income	50,000,000	-	50,000,000	-	50,000,000	-955,849,185	(1,005,849,185)	(2012)
Other income	50,000,000	-	50,000,000	-	50,000,000	611,518,345	561,518,345	1123
Net Revenue	**54,185,376,300**	**24,757,540,720**	**78,942,917,020**	**0**	**78,942,917,020**	**105,290,393,953**	**26,347,476,933**	**35**
Expenses:		-						
Benefits	8,005,000,000	-	8,005,000,000	-	8,005,000,000	9,713,289,275	1,708,289,275	21
Management investment expense	893,000,000	88,500,000	981,500,000	-	981,500,000	686,881,726	(294,618,274)	30
Compensation of employees	4,824,572,000	153,753,552	4,978,325,552	-	4,978,325,552	4,585,675,718	(392,649,834)	8
Trustee' Emoluments	50,000,000	21,531,000	50,000,000	21,531,000	71,531,000	68,782,807	(2,748,193)	4
General administration cost	2,231,700,000	(307,464,251)	1,720,083,444	204,152,305	1,924,235,749	1,958,480,822	34,245,073	(2)
Finance Expense	30,000,000	-	30,000,000	-	30,000,000	29,100,278	(899,722)	3
Depreciation & amortization	147,562,000	(1,000,000)	146,562,000	-	146,562,000	308,174,144	161,612,144	(110)
Provision	-	-	-	-	-	(84,366,599)	(84,366,599)	
Total Operating Cost	**16,181,834,000**	**-44,679,699**	**15,911,470,996**	**225,683,305**	**16,137,154,301**	**17,266,018,171**	**1,128,863,870**	**7**
Surplus for the period	**38,003,542,300**	**24,802,220,419**	**63,031,446,024**	**-225,683,305**	**62,805,762,719**	**88,024,375,782**	**25,218,613,063**	**40**

Capital Budget Absorption 2023-2024

CAPITAL EXPENDITURE	Original budget 2023-2024 Kshs	Adjustments 2023-2024 Kshs	Final budget Kshs	Commitment/ absorption 2023-2024 Kshs	Performance difference 2023-2024 Kshs	%
EDMS (Electronic Document Management System)	200,000,000	-	200,000,000	49,800,000	150,200,000	25%
Furniture & Equipment	155,000,000	-	155,000,000	68,666,163	86,333,837	44%
Fitting & Finishing	10,000,000	-	10,000,000	8,257,755	1,742,245	83%
Motor Vehicle	25,000,000	-	25,000,000	21,380,000	3,620,000	86%
IT Equipment	20,000,000	-	20,000,000	12,991,057	7,008,943	65%
Refurbishment - Investment Buildings	100,000,000	-	100,000,000	19,596,367	80,403,633	20%
Field offices Renovation	100,000,000	-	100,000,000	25,637,089	74,362,911	26%
Server upgrade	400,000,000	-	400,000,000	-	400,000,000	0%
Data Recovery Centre	200,000,000	-	200,000,000		200,000,000	0%
SAP/SSPAS Upgrade	1,000,000,000		1,000,000,000	-	1,000,000,000	0%
Network upgrade	15,000,000		15,000,000		15,000,000	0%
Kenyatta Avenue		100,000,000	100,000,000	-	100,000,000	0%
Proposed Kisumu Housing		500,000,000	500,000,000	-	500,000,000	0%
Hazina Village Mavoko		500,000,000	500,000,000	-	500,000,000	0%
CCTV Social Security House Nairobi		125,000,000	125,000,000		125,000,000	0%
Refurbishment - Investment Buildings Polana		212,000,000	212,000,000	-	212,000,000	0%
Bank Reconciliation Module	-	100,000,000	100,000,000		100,000,000	0%
SDWAN and Biometrics		300,000,000	300,000,000		300,000,000	0%
Totals	**2,225,000,000**	**1,837,000,000**	**4,062,000,000**	**206,328,431**	**3,855,671,569**	**5%**

Budget Explanations

a) Recurrent Budget

i. **Supplementary Budget-** The Board of Trustees, Cabinet Secretary for Labour and Cabinet Secretary for National Treasury approved supplementary budget of **Kshs. 21, 531,000** for board expenses, **Kshs. 182,152,305** for legal expenses and **Kshs. 22,000,000** corporate communications.

ii. **Member Contribution-** The Fund collected **Kshs. 62.29 billion** compared with budget of **Kshs. 38.58 budget** which is a **62%** performance above budget. This performance is attributed to the implementation year two NSSF contribution rates as per the NSSF Act Cap 258.

iii. **Benefits-** The Fund paid out member benefits amounting to **Kshs.9.713 billion** compared to budget of **Kshs. 8.0 billion** which is **21%** performance above budget. The impressive performance is attributable to the increased efficiency in benefit claims processing.

iv. **Dividend Income-** The Fund earned dividend income amounting to **Kshs.4.2 billion** in the year under review compared with **Kshs. 6 billion** budget or **30%** performance below budget. This was due to zero dividend declaration by KCB Group and Nation Media Group and low dividend declaration BAT, EABL which constitute the bulk of the Fund's equity investments.

v. **Interest income-** The Fund's fixed income instruments earned **Kshs. 34.87 billion** against budget of **Kshs.28.85 billion** or **21%** performance above budget. The performance is attributed to increased investment in fixed income assets to preserve members from the downward trajectory taken by market prices of securities at the Nairobi Securities Exchange.

vi. **Rent Income -** The Fund's investment properties earned **Kshs.1.23 billion** rent income against budget of **Kshs. 1.34 billion**, or **8%** performance below budget mainly due to low occupancy in the HTC building which was budgeted for.

vii. **TPS Interest-** The Fund earned **Kshs. 273 million** interest from TPS schemes against budget of **Kshs.422 million** or 55% performance below budget. The reduced interest from TPS scheme has continued to reduce because of early repayment of loans by tenants and the Fund's significant decrease in investment in housing projects under TPS.

viii. **Fair value gain on investments -** The Fund's investments experienced a fair value gain **Kshs. 2.99 billion** compared to **Kshs.3.49 billion** budget or **14%** performance below budget. This is an impressive performance from the **Kshs. 18.442 billion** loss recorded in the previous year.

ix. **Realized gain on sale of investments-** The Fund booked realized loss on sale of investments amounting to **Kshs.216 million** or **244%** performance below budget of **Kshs. 150 million.**

x. **Other investment income-** The Fund made **Kshs. 956 million** other investment loss mainly contributed by the foreign exchange loss from sale of assets denominated in US Dollars and foreign currency translation. This was occasioned by the unexpected appreciation of the Kenya shilling.

xi. **Other income-** The Fund earned **Kshs. 612 million** other income mainly from fines and penalties levied on late remittance of employee contribution to NSSF by employers.

xii. **Investment management expense-** The Fund incurred **Kshs.687 million** on management expense against budget of **Kshs. 982 million**, or **30%** lower than budget.

xiii. **Trustees' emoluments-** The Fund spent **Kshs. 68.7 million** on trustees' emoluments against budget of **Kshs. 71.58 million** which **4%** below budget. The expenditure is attributed to increased number of board activities especially the recruitment of senior management.

xiv. **Depreciation and amortization-** The Fund incurred **Kshs.308 million** of depreciation of assets and amortization of software compared to budget of **Kshs.146 million**. This is attributed to capitalization of software that was carried out towards the end of last financial year.

b) Capital Expenditure

i. **EDMS (Electronic document)-**The Funds have been committed through a framework contract on digitization. There is work in progress where **Kshs 49,800,000** has been spent and the rest will apply on milestones as per the contract.
ii. **Server upgrade-** This project was externally funded and the Funds were not released during the year under review, therefore, it never took off.
iii. **Data Recovery Centre-**The Budget was approved in January 2024 delaying procurement process. The process completed and contracts issued. The funds were committed and will be consumed in the current financial year.
iv. **SAP/SSPAS Upgrade-** The project took off though no payments have been made to date. The funds will be applied in 2024/2025.
v. **Network Upgrade-** Successful bidder was awarded the contract; therefore, the Project will be completed in 2024/2025.
vi. **Kisumu, Kenyatta avenue -** The project never started due to approval delays.
vii. **Hazina Mavoko-** The project started and the completion levels will be recorded in the current year. The Budget allocated will be applied in 2024/2025.
viii. **CCTV-** This is work in Progress. Payments will be actualized in 2024/2025.
ix. **Refurbishment of Polana-** The project never kicked off.
x. **Bank Reconciliation-** The Project was awarded and the actual works will start in the current year.
xi. **SDWAN-** The project was awarded and the works are yet to start.

NOTE/ The delay in Budget approval for capital projects for year under review delayed the procurement processes hence late awards of contract which in turn led to carry over of the budgets to the current Financial year.

20. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The National Social Security Fund was established by and derives its authority and accountability from the National Social Security Fund Act, 2013. The NSSF is wholly owned by workers who are members and contributors to the Fund. The Fund is domiciled in Kenya and its principal activity is a provision of social security to workers in Kenya.

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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2015, Income Tax Act (Revised) 2012 and the National Social Security Fund Act 2013, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

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 2024.*

- **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 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.

Notes to the Financial Statements (Continued)

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

- **Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022).** The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

  The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

  The Board of Trustees have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the Fund'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 2024.***

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.

The Board of Trustees 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 Fund did not early – adopt any new or amended standards in the financial year.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

4. Summary of Material Accounting Policies

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

a) Member contribution

Comprises statutory, voluntary and other payments by NSSF members and employers under the NSSF Act Cap 258, towards the Pension Scheme (Tier I, Tier II and enhanced contributions), Old Provident Fund, and the New Provident Funds. The Fund accounts for contribution when due.

b) IFRS 15- Revenue recognition (Continued)

Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, sales taxes or duty, and amounts collected on behalf of third parties.

Revenue is measured based on the consideration to which the Fund 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. The following are the revenues items: -

Interest income

Interest income on all interest-bearing instruments is recognized using the effective interest method in statement of changes in net assets available for benefits. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts financial instruments estimated future cash payments or receipts through its expected life or, where appropriate, a shorter period to the net carrying amount.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest income/expense calculated using the effective interest method.

Dividend income - is recognized in the Statement of Changes in Net Assets Available for Benefits in the year in which the right to receive the payment is established, which is generally after declaration of dividends and approval by the shareholders of investee companies.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

Rental income
Rental income from investment properties is recognized in the statement of changes in net assets available for benefits when it accrues, on the straight-line basis over the term of the lease.

b) IFRS 15- Revenue recognition (Continued)

Other income
Other income relates to fines, penalties, recovered expenses form tenants, interest earned from staff loans and profit from disposal of the property, plant and equipment. It is recognized as it accrues.

Sale of properties
The Fund sales undeveloped property and or develops and sells residential properties in cash or on TPS Scheme.

When property is sold in cash, revenue is recognized at a point in time when legal title has passed to the buyer. The Fund has arrangements for full or partial prepayment of consideration under its standard property sale contracts. A contract liability for the advance payment is recognized at the time of cash receipt. Revenue is recognized when the property sale is concluded as described above.

When sold under Tenant Purchase Scheme and Loan Advances – accrue when the Fund creates financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund provides loans, directly to debtors with no intention of trading the receivables. TPS loans and receivables fall under this category and are stated at amortized costs.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Fund performs by transferring properties to a customer before payment is due, a contract asset is recognised for the earned portion of the consideration.

Significant financing component
The Fund receives advance rent payment from its customers in the normal course of business. Using the practical expedient in IFRS 15, the Fund does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Fund has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Fund transfers goods or services to the customer, a contract liability

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Fund performs under the contract.

c) Financial Instruments (IFRS 9: Financial Instruments)

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Fund becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is recognised when its extinguished, discharged, cancelled or expires.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- Amortised at cost
- Fair value through profit and loss (FVTPL), or
- Fair value through other comprehensive income (FVOCI).

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

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual

c) Financial Instruments (IFRS 9: Financial Instruments) (Continued)

- cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

In the period presented, the Fund does not have any assets categorised as FVOCI.

The classification is determined by both:
- the Fund's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets and are recognised in profit and loss are presented within investment income, or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
Financial assets are measured at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss (FVTPL)
Financial assets held within different business model other than 'hold to collect' or hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting requirements of IFRS 13 'Fair Value Measurement'.

The Fund accounts for its investments at FVTPL where assets are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies

Financial assets at fair value through other comprehensive income (FVOCI)
The Fund accounts for financial assets at FVOCI) if the assets meet the following:

- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and, sell,

c) Financial Instruments (IFRS 9: Financial Instruments) (Continued)

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Impairment of financial assets
IFRS 9 requires the Fund to recognize a loss allowance for expected losses i.e. apply expected credit loss (ECL) model). Instruments within this scope of the requirements include: Debt investments – loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan

commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit and loss. measured subsequently at amortized cost or at FVTOCI.

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

At each balance sheet date, the Fund considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

a) financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies

b) financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

d) Benefits paid to members
Benefits to members are accounted for in the period in they are paid. However, member accounts accrue interest on a compound basis.

- **Age benefits** – payable to a member who has reached the retirement age of 60 years;
- **Withdrawal benefits** – payable to a member who has attained the age of 50 years, and is out of regular employment for one year;
- **Invalidity benefits** – payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment;
- **Survivors benefits** – payable to the dependents survivor(s) in the unfortunate event of member's death;
- **Emigration grants** – payable to a member who is leaving the country for good.

e) Operating expenses
Operating expenses are recognised in the statement of changes in net assets available for benefits upon utilization of the service or as incurred.

f) Property, plant and equipment (IAS 16: 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 recognized in Statement of Changes in Net Assets Available for Benefits.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

(Where the scheme has elected to revalue items of PPE, it should be done in accordance with IAS 16, Property, Plant and Equipment)

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 Statement of Changes in Net Assets Available for Benefits 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 are:

Annual Rates	%
Buildings and civil works	Nil
Freehold Land and Buildings	Revaluation
Motor Vehicles, including motorcycles	20
Computers and related equipment	33.33
Office Furniture	10
Office Equipment	12.5
Fittings and Furnishings	20
Low Value Assets	100

Depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal on *prorata* basis. 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 recognized so that the asset is written down immediately to its estimated recoverable amount.

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

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

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

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

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

Computer software development costs recognized as assets are amortized over a period of 3 years which is the recognised useful life of software by Fund policy.

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized.

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

i) Investment property (IAS 40: Investment Property)

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in surplus or deficit in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. When the use of property changes from owner occupied to investment property, the property is re-measured at fair value and reclassified as investment property.

Right-of-use assets that meet the definition of investment property are presented as investment property.

j) Assets Under Construction
Assets Under Construction (AUC) relates to ongoing capital projects of investment or operational nature. Additions to AUC are initially recognised at cost and subsequently measured at fair value.

k) Trade and other receivables
Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful

receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

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

The Fund makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Fund uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The Fund assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 36 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

m) Provision for staff leave pay
Employees' entitlements to annual leave are recognized as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

n) Impairment of non-financial assets

The carrying amounts of the Fund's non-financial assets other than investment properties and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists, the asset's recoverable amount is estimated and an impairment loss recognized in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of changes in net assets available for benefits in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine

the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of changes in net assets available for benefits.

o) Taxation income tax

The Fund is exempted from income tax under the Income Tax Act Cap 470 subject to compliance to the National Social Security Fund Exemptions Rules of 2002.

p) 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, which are not considered investment assets. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) 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 amortized cost using the effective interest rate method. Amortized 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 capitalized as part of the cost of the project.

r) Retirement benefit obligations

i. Gratuity

The Fund's terms and conditions of employment provide for gratuity to employees who are on contract equivalent to 31% of the monthly salary per year of service to the organization. This employment benefit is accrued on a monthly basis and paid at the point of exit or at the end of contract. The provision in the financial statements takes account of service rendered by employees up to the reporting date and is based on the calculated staff benefits payable.

ii. Staff pension Scheme

The entity operates a defined contribution scheme for all full-time employees. The scheme is administered under a separate pension scheme from the Fund run by an independent Board of Trustees and is funded by contributions from both the Fund and its employees.

The contributions payable to the plan are in proportion to the services rendered to the Fund by the employees and are recorded as an expense under 'staff costs' in the statement of changes in net assets available for benefits. Unpaid contributions are recorded as a liability.

iii. Contribution to National Social Security Fund (NSSF)

The Fund also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Fund's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,140 per employee per month.

s) Members' funds

The Fund is funded through contributions from members and investment income. Members' funds (contributions and interest accrued) qualify as a financial liability as the Fund has a contractual obligation to pay cash benefits as claimed by members upon qualifying.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

- The Fund recognises a liability to pay benefits to members composed of contributions declared on the account of each member and interest accumulated on each account in accordance with the obligations laid out in the NSSF Act.
- Interest is allocated to each members' account at the rate approved by the Board of Trustees with the advice of the actuary each year and is recognised in the statement of changes in accumulated members' funds.
- Interest payments to members: Interest payable on members' accumulated contributions is calculated based on the opening accumulated contributions (standard contribution plus interest) less benefits paid during the year. The effective interest rate used to compute interest accrued to members is approved by the of the Board of Trustees.
- The recognition of the expense and respective interest provision is based on the requirement under the NSSF Act to recognise member balances as a debt obligation.
- Benefits payments to members are made upon meeting criteria for payment as set out in the NSSF Act. Such payments recognised as a charge in the statement of changes in net assets available for benefits, and as a reduction from members' funds when paid.
- Contributions from members: Member contributions remitted by their employers are recognized in the statement of changes in net assets available for benefits when received. Contributions due but not yet received at the end of the financial year are not accrued but accounted for and recognized in subsequent years when received.

t) Accumulated Reserves

Accumulated reserves account is credited with net surplus for the year. The special contributions and fines and penalties are credited directly to the reserve account. After declaration of interest, the amount of interest is credited to members accounts by debiting the accumulated reserves and crediting members' funds.

u) 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 recognized in profit or loss.

v) Budget information

The original budget for FY 2023-2024 was approved by the Principal Secretary, State Department for Labour and Skills Development on 3rd August, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

The entity'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 financial performance has been presented under section 20 of these financial statements.

w) 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.

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

y) Events after the reporting period
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, 2024.

5. Use of Estimates and Judgements
The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. The accounting policies that involve high judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Provision for expected credit losses of financial assets – The Fund annually assess all financial assets for impairment i.e. Cash and cash equivalents, debt instruments and receivables. The Fund uses the simplified approach to impair receivables or groups of receivables as might be appropriate based on its average historical loss rate. Depending on the data, the Fund applies either of two ways of computing the loss rate per period. A loss rate may be computed as the ratio of outstanding invoice amounts beyond the default period and raised invoices at the beginning of each period. In the case where payments are available, the recovery rate may be computed as a ratio of payments made on bills raised per time period before the default date. The loss rate is then obtained as 1 – recovery rate. A common approximation is to cap recovery rates at 100% where payments exceed invoice amounts. The single loss rate is adjusted for forward-looking factors specific to the debtors and the economic environment using movements and forecasts for inflation rates, GDP and foreign exchange.

The single loss rate estimates are applied to each category of gross receivables. The Fund considers whether ECLs should be estimated individually for any period-end receivables, e.g. because specific information is available about those debtors.

The Fund has applied the simplified approach to all other financial assets recognized as other receivables e.g. dividends receivable, an approach that does not include an explicit probability of default as an input per se.

The loans and advances held by the Fund are mainly with corporate entities and has, therefore, used credit rating agency information rather than internal risk weighting methods. The information about the ECLs on the Fund's deposits with commercial banks, government treasury bills and bonds and corporate bonds and Loans and advances is disclosed in Notes 16,19 and 21, respectively.

(i) Impairment of non-financial assets – Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include

Notes to the Financial Statements (Continued)
Summary of Material Accounting Policies (Continued)

restructuring activities that the Fund is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The Fund also assessed impairment for the assets and no additional impairments were required. The Fund's non-financial assets include investment properties, property and equipment, intangible assets inventories, assets Under Construction and inventory with carrying amounts as disclosed in notes 24, 25, 26, 27 and 28 respectively.

(iii) Property, plant and equipment– Critical estimates are made by the management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets.

Subsequent changes in circumstances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Details of the Fund's property, plant and equipment are disclosed in note 25.

(iv) Determining fair values – The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Further information on determination of fair value is disclosed in **Notes 25, and 40.**

(v) Provisions and contingencies – A provision is recognized if, as a result of past events, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has made judgements in determining contingencies disclosed in Note 35.

(vi) Valuation of investment properties – The Fund carries its investment properties at fair value, with changes in fair value being recognized in surplus or deficit. Details of significant estimates and judgements made regarding the Fund's investment properties are disclosed in Note 24.

The preparation of the Fund'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.

Notes to the Financial Statements (Continued)

6. Contribution from Members

6a	Contributions	2024 Kes	2023 Kes
	Pension Tier I	24,213,741,144	13,770,492,709
	Pension Tier II	34,173,151,301	12,360,977,487
	Old provident	28,609,237	31,848,542
	New Provident	648,318,592	702,849,872
	Others	79,737,096	7,427,042
	Net contribution for the period	**59,143,557,370**	**26,873,595,651**

6b	Unremitted member contribution		
	Member contribution	1,572,422,506	-
	Employers contribution	1,572,422,506	-
		3,144,845,013	-

With effect from 2023/2024 financial year, the Fund began accounting for contribution arrears in the financial statements. Previously contribution arrears were only disclosed in notes to financial statements. The Fund collected member contribution amounting to Kshs. 59.14 billion during the year under review. The contribution relates to amounts remitted in respect of the three funds under the NSSF Act Cap 258 (old provident fund, new provident fund and the pension fund). The Fund also accrued unremitted contributions amounting to Kshs. 3,144,845,013. These accrued arrears have attracted penalty amounting to Kshs. 9,485,029,906.51 which is not included in the financial statements because of prudence considerations. The Fund has instituted recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

7. Benefits paid to exiting members

Age benefit	3,816,746,950	2,472,744,902
Survivors benefit	422,217,185	217,291,502
Invalidity benefit	19,192,541	44,096,737
Withdrawal benefit	1,064,221,238	772,196,285
Emigration benefit	24,114,914	12,859,539
Interest	4,366,796,448	3,156,012,717
Net benefits for the period	**9,713,289,275**	**6,675,201,682**

A total of 148,326 benefit claims were processed and paid to 109,648 exiting members during the year.

Notes to the Financial Statements (Continued)

8. Investment Income

Interest Income (note 8a)	34,871,715,164	25,087,013,240
Dividend Income (note 8b)	4,198,497,148	4,351,638,109
Rent Income (note 8c)	979,781,168	918,008,775
Parking Fees (note 8d)	98,524,998	101,474,882
Notional Rent (8e)	141,348,600	141,348,600
Mast Rent (8f)	10,528,242	10,449,136
Interest on TPS loans (note 8g)	272,943,048	292,295,254
Other Investment Income (note 8h)	(955,849,185)	65,926,054
	39,617,489,184	**30,968,154,051**

The Fund's investments earned Kshs. 39.62 billion gross investment income, or 28% higher than the previous year. This was an impressive performance considering the effects of the Global geopolitics, rise of interest rates and volatility of the Kenyan currency. However, the Fund's management remains cautious and continues to monitor the situation going forward.

The various sources of investment income are analysed below: -

8a	**Interest income**		
	Treasury bonds	32,970,526,570	23,562,881,992
	Corporate bonds	219,427,466	220,890,249
	Treasury bills	21,422,129	264,191,134
	Term & Demand deposits	1,623,810,749	1,039,049,866
	USD deposits	36,528,250	-
		34,871,715,164	**25,087,013,240**

Increase in interest earned is as a result of increased investment in treasury bonds and term and demand deposits.

Notes to the Financial Statements (Continued)

8b	Dividend Income	Kshs	Kshs
	Bamburi Cement Ltd	372,128,148	51,023,055
	Absa Bank Kenya Plc	256,636,609	201,704,321
	British American Tobacco Kenya Ltd	118,513,450	132,262,938
	CFC Stanbic of Kenya Holdings Ltd	105,869,981	64,286,485
	East African Breweries Ltd	81,475,705	422,677,354
	I&M Holdings Ltd	9,808,320	8,654,400
	Kenya Commercial Bank Ltd	-	624,822,584
	Kenya Power 4% Pref 20.00	525	2,840
	Kenya Power 7% Pref 20.00	1,420	1,050
	NCBA Bank Ltd	82,774,716	74,762,375
	Safaricom Ltd	1,311,315,099	1,091,591,600
	The Co-operative Bank of Kenya Ltd	284,442,848	272,142,849
	Jubilee Holdings Ltd	1,160,100	1,160,100
	Kenya Re Insurance Corporation Ltd	27,173,799	18,115,866
	Equity Bank Ltd	1,022,928,184	1,007,823,384
	Diamond Trust Bank Kenya Ltd	51,579,500	42,982,915
	Nation Media Group Ltd	-	7,514,370
	KenGen Co. Ltd	61,920,446	41,280,297
	Centum Investment Co Ltd	3,531,480	3,454,965
	Standard Chartered Bank Kenya Ltd	284,115,520	195,666,962
	ILAM FAHARI I-REIT	16,660,000	20,237,035
	MTN Uganda	24,485,388	18,632,432
	Umeme Ltd	50,421,925	42,456,707
	CRDB Bank Plc	2,436,750	-
	Acorn Students Association I-REIT	19,042,286	8,381,226
	Acorn Students Association D-REIT	10,074,951	-
		4,198,497,148	**4,351,638,109**

Dividend income for the year was lower by 3% as compared to the last 2022/2023 financial year. Main cause is KCB Group which did not declare a dividend for the first time in 21 years after the bank reported an 8.3% decline in net profit in the year ended 31 December 2023. The other counters that earned a lower dividend include: -BAT by 10%, EABL by 81% mainly due to reduced shareholding, NMG by 100%, MTN Uganda by 15% and Fahari I-Reit by 18% compared to last financial year.

8c	Rent Income	2024 Kshs	2023 Kshs
	SSH Nairobi	474,443,656	460,413,988
	SSH Mombasa	79,685,356	88,368,747
	Bruce House	143,036,553	131,913,426
	View Park Towers	88,027,234	96,847,746
	Hazina Towers	57,701,078	53,928,803
	Hazina Trade Centre	123,346,844	72,534,528
	Hazina South B	13,162,448	13,533,536
	Kisumu Milimani	378,000	468,000
		979,781,168	**918,008,775**

Notes to the Financial Statements (Continues)

Rental income relates to income earned from investment properties. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. Rental income is recognised over time.

During 2023/2024 financial year, rent income increase of 7% during the year when compared to 2022/2023 financial year is attributable to increased occupancy of Hazina Trade Centre. Social Security House Mombasa, View Park Towers and Hazina South B returned lower rent by 10%, 9% and 3% respectively when compared with 2022/2023 financial year.

8d	**Parking Fees**		
	SSH Nairobi	40,100,481	43,809,800
	SSH Mombasa	5,978,921	5,484,230
	Bruce House	17,928,367	20,619,500
	View Park Towers	4,260,000	4,009,998
	Hazina Towers	4,953,000	6,846,264
	Hazina Trade Centre	25,304,228	20,705,091
		98,524,998	**101,474,882**

The 3% decline in parking fees is due to reduced walk in clients at the Parking Silo as a result of allotment of parking spaces to tenants who pay monthly rates which are lower than hourly rates.

8e	**Notional Rent**		
	SSH Nairobi	126,043,680	126,043,680
	SSH Mombasa	7,500,480	7,500,480
	Bruce House	7,123,200	7,123,200
	View Park Towers	389,760	389,760
	Hazina Towers	291,480	291,480
		141,348,600	**141,348,600**

Notional rent relates to spaces occupied by NSSF for its operations and management within the investment properties as tabulated above.

8f	**Mast Income**		
	SSH Nairobi	990,000	3,738,824
	SSH Mombasa	3,534,732	420,000
	Bruce House	564,534	2,597,958
	View Park Towers	967,680	967,680
	Hazina Towers	3,954,802	1,861,072
	Hazina Trade Centre	516,494	863,602
		10,528,242	**10,449,136**

Mast income decreased by 1% because of reduction of masts.

Notes to the Financial Statements (Continues)

8g	**Interest from TPS loans**		
	Staff	33,799,721	36,250,194
	Other Customers	239,143,327	256,045,060
		272,943,048	**292,295,254**

The reduction on interest earned from Tenant Purchase Scheme (TPS) of 7% is as a result of reduced TPS loans by 6 % as a result of repayment mainly Nyayo Embakasi Estate.

8h	**Other Investment Income**	**2024 Kshs**	**2023 Kshs**
	Profit/(loss) from sale of houses	48,758,025	49,385,138
	Unrealized Forex gain(loss)	(260,500,561)	(2,632,536)
	Foreign exchange gain(loss)	(762,950,951)	-
	Other miscellaneous receipts	18,844,302	19,173,452
		(955,849,185)	**65,926,054**

Foreign exchange losses arose from depreciation of foreign currencies against the Kenyan Shilling, which affected foreign denominated assets and liabilities. The key driver was the depreciation of the US Dollar against the Kenyan Shilling as disclosed under Note 39(a) currency risk.

The Kshs. 1,023 million (260,500,561 + 762,950,951) foreign exchange loss was occasioned by the depreciation of the Kenyan shilling. The Fund held investments worth Kshs.7,768,758,083 call deposits at very attractive interest rates and Eurobonds. However, at maturity, the interest will cover the translation loss reported.

Deposits	**USD**	**Kshs**
Co-op Bank Ltd	567,500	74,229,013
Equity Bank	4,056,108	525,858,032
Sub total	**4,623,608**	**600,087,045**
Eurobonds	68,300,000	7,168,671,038
Total	**72,923,608**	**7,768,758,083**

9	**Fair Value Gain on Revaluation**		
	Treasury bonds (note 17)	1,296,617,921	(8,089,218,004)
	Euro Bonds (note 18)	(1,609,038,501)	-
	Corporate bonds (note 19	(127,535)	610,235
	Unquoted equities (note 22)	(282,302,709)	(193,154,296)
	Quoted equities (note 23)	3,459,519,074	(10,075,707,121)
	Investment property (note 24)	124,000,000	(78,973,368)
		2,988,668,249	**(18,436,442,556)**

The Fund's investments experienced an improved fair value gain on valuation of treasury bonds, quoted equities and investment property. However, the corporate bonds, Eurobonds and unquoted equities returned a fair value loss on revaluation. Overall, the FV turned from a loss of Kshs. 18.44 billion in 2022/2023 financial year to Kshs. 2.99 billion gain in the year under review.

Notes to the Financial Statements (Continues)

10	**Loss on realization of investments**		
	T bonds	(233,083,273)	(77,927,393)
	C bonds	8,574	4,700
	Unquoted equities	852,907	49
	Listed equities	16,537,587	535,099,758
		(215,684,206)	**457,177,114**

The realized loss of Kshs. 216 million is mainly attributed to the sale of junk bonds by Fund Managers in order to rebalance portfolios and improve future yields.

11	**Investment Management Expense**		
	Fund managers' fees	471,146,798	424,453,299
	Custodian fees	124,216,722	103,024,652
	Actuarial & investment management fees	45,358,043	50,763,023
	Land rent & rates	(28,785,142)	(6,428,056)
	Asset valuation expense	20,596,500	24,972,690
	RBA Levy	5,000,000	5,000,000
	Estate Management costs	49,116,806	51,392,912
	Pre-feasibility study cost	232,000	-
		686,881,726	**653,178,520**

The Fund incurred Kshs. 687 million on investment management costs which translates to about 0.1761% of the value of assets under management.

12	**Other Income**		
	Miscellaneous Income	81,747,797	15,407,260
	Interest on staff loans	32,296,072	31,840,856
	Fines and penalties	489,065,754	489,180,910
	Miscellaneous expenses recovered	6,485,496	4,226,792
	Write back of returned benefits	1,923,227	-
		611,518,345	**540,655,817**

Other income represents miscellaneous receipts earned by the Fund mainly from penalties charged on late remittance of member contributions by employers, interest charged on staff loans, fines charged on customers who issue unpaid cheques and other miscellaneous receipts.

Notes to the Financial Statements (Continues)

13	Administrative Cost	2024 Kshs	2023 Kshs
	Staff cost (note 13a)	4,585,675,718	4,074,790,734
	Trustee' Emoluments	68,782,807	55,757,130
	Meetings, travelling and subsistence	317,586,319	240,340,545
	Motor vehicle running expenses	51,026,216	47,060,175
	Rent expense	314,846,466	300,718,391
	Staff Training	71,993,147	87,665,677
	Printing, Stationery and Photocopying	40,563,357	34,595,325
	Communication services and supplies	86,603,074	90,773,246
	Electricity, Water, Security and Conservancy	118,341,929	78,724,929
	Repairs and general maintenance	410,888,300	317,453,995
	Consultancy & professional services	17,251,480	2,279,280
	Legal fees	235,090,408	96,965,640
	Audit fees	9,280,000	9,280,000
	Bank charges	29,100,278	39,212,361
	Policy development	19,307,937	17,373,133
	General Insurance	37,742,566	42,315,438
	AGM expense	923,720	5,915,126
	Fringe benefit tax	66,493,249	-
	ISO expense	25,003,432	17,403,497
	Advertising, Exhibition and Marketing	101,902,829	41,371,924
	CSR cost	16,520,545	22,031,088
	Project claims	-	32,697,373
	Other operating expenses	17,115,850	58,296,532
	Depreciation and amortization	217,985,926	218,029,304
	Amortization of softwares	90,188,217	278,592,778
		6,950,213,769	**6,209,643,619**
13a	**Staff Cost**		
	Salaries and allowances	3,679,925,494	3,229,600,922
	Pension contribution	503,815,376	391,926,678
	Staff Medical expense	284,830,188	298,173,522
	Staff Welfare	48,035,782	68,572,212
	Staff Insurance	49,570,546	46,971,657
	Provision for Pay in Leau of Leave	19,498,333	39,545,744
		4,585,675,718	**4,074,790,734**
	Average number of employees at the end of the year was		
	Contract - management	25	81
	Permanent employees - Technical	526	482
	Permanent employees - unionisable	489	515
	Temporary and contracted employees	192	67
	Total	**1,232**	**1,145**

14	Provisions/Adjustments	2024 Kshs	2023 Kshs
	Athi River Mining (note 33)	16,414,125	-
	Decrease in provision for doubtful debts (note 33)	(100,780,724)	466,149,601
		(84,366,599)	**466,149,601**

Notes to the Financial Statements (Continues)

15	Term and Demand Deposits	2024 Kshs	2023 Kshs
	Call deposits (note 15a)	5,723,666,000	4,297,983,678
	Fixed deposits (note 15b)	2,490,146,000	10,632,235,392
	Batian Fund (note 15c)	2,630,592,165	-
	USD Denominated deposits (note 15 d)	600,087,045	-
		11,444,491,210	**14,930,219,070**
	Movement		
	Opening balance	14,930,219,070	10,087,418,200
	Additions during the year	148,536,473,266	125,954,138,430
	Reductions during the year	(151,391,442,845)	(121,111,337,560)
	Exchange loss	(630,758,282)	-
	Closing balance	**11,444,491,210**	**14,930,219,070**

15 a	Term and Demand Deposits	2024 Kshs	2023 Kshs
	ABSA Bank Ltd	-	668,436,474
	Stanbic bank	105,000,000	136,467,707
	Cooperative Bank Ltd	2,879,862,000	345,000,000
	Equity Bank Ltd	132,018,000	398,279,497
	KCB Bank Ltd	600,000,000	226,000,000
	National Bank of Kenya	-	1,087,000,000
	Housing Finance	500,000,000	
	I & M Bank	300,200,000	
	NCBA Bank Ltd	1,206,586,000	1,436,800,000
		5,723,666,000	**4,297,983,678**

15 b	Fixed and Term Deposits		
	ABSA Bank Ltd	-	1,294,000,000
	Cooperative bank	423,400,000	2,664,836,000
	Equity bank	553,746,000	824,000,000
	I&M Bank Ltd	-	760,799,392
	National Bank of Kenya	-	1,027,000,000
	Kenya Commercial Bank	-	1,910,000,000
	NCBA Bank Ltd	63,000,000	1,351,600,000
	Stanbic Bank Ltd	650,000,000	400,000,000
	Diamond Trust Bank	-	400,000,000
	Sidian Bank	800,000,000	-
	Imperial bank	206,126,260	206,126,260
		2,696,272,260	**10,855,390,979**
	Less: Provision for doubtful deposits	- 206,126,260	- 206,126,260
		2,490,146,000	**10,632,235,392**
	Maturity analysis:		
	Already due	206,126,260	206,126,260
	Maturing within 90 days	2,490,146,000	10,632,235,392
		2,696,272,260	**10,838,361,652**

Notes to the Financial Statements (Continues)

The deposits are carried at amortised cost and made for varying periods of between 1 and 365 days. The provision of Kshs. 223,155,587 relates to the remaining amounts of deposits placed in Imperial Bank. Imperial Bank was placed under statutory management by Central Bank of Kenya (CBK).

15 c	**Batian Fund**		
	Kenya Commercial Bank	900,000,000	-
	Cooperative bank	900,000,000	-
	Equity bank	830,592,165	-
		2,630,592,165	**-**

15d

USD Denominated	**USD**	**Kshs**	**USD**	**Kshs**
Cooperative bank	567,500	74,229,013	-	-
Equity bank	4,056,108	525,858,032	-	-
	4,623,608	**600,087,045**	**-**	**-**

16	**Treasury Bills (Summary and Movement)**		
	Balance at the beginning of the year	1,212,194,817	1,626,492,637
	Additions	18,685,260	2,462,756,476
	Proceeds on maturity/disposals	(1,222,109,037)	(2,877,054,296)
	Balance at the end of the year	**8,771,040**	**1,212,194,817**
	Maturity Analysis:		
	Between 0 and 90 days	8,771,040	-
	Between 91 and 120 days	-	-
	Between 121 and 180 days	-	1,059,076,517
	Between 181 and 365 days	-	153,118,300
		8,771,040	**1,212,194,817**

17	**Treasury Bonds (Summary and Movement)**		
	Balance at the beginning of the year	186,564,962,441	161,196,499,180
	Purchase during the year	74,712,206,954	57,946,465,232
	Disposal/Redemptions during the year	(8,555,882,483)	(24,488,783,966)
	Foreign exchange loss	(213,029,782)	
	Add: Fair value gain/(loss)	1,296,617,921	(8,089,218,004)
	Balance at the end of year	**253,804,875,051**	**186,564,962,441**
	Maturity Analysis:		
	Within 1 year	7,471,874,517	1,743,125,787
	Between 1 and 3 years	13,555,641,293	9,972,304,738
	Between 3 and 5 years	48,833,089,669	16,672,132,644
	Between 5 and 10 years	83,184,040,956	65,738,599,270
	Between 10 and 20 years	94,888,755,159	85,343,659,103
	More than 20 years	5,871,473,456	7,095,140,898
		253,804,875,051	**186,564,962,441**

Notes to the Financial Statements (Continues)

Treasury bonds represent 65% of the Fund's investment assets and earned 94% of total investment income. The Fund increased its Fixed Income exposer to mitigate the equity fluctuation that eroded value because of a poor run at the Nairobi Securities Exchange.

18	**Eurobonds (Summary and Movement)**	**2024 Kshs**	**2023 Kshs**
	Balance at the beginning of the year	-	-
	Purchase during the year	9,636,206,661	-
	Disposal/Redemptions during the year	(832,259,112)	-
	Foreign exchange loss	(26,238,010)	
	Add: Fair value gain/(loss)	(1,609,038,501)	-
	Balance at the end of year	**7,168,671,038**	**-**
	Maturity Analysis:		
	Between 5 and 10 years	1,625,504,009	-
	Between 10 and 20 years	-	-
	More than 20 years	5,543,167,029	-
		7,168,671,038	**-**

19	**Corporate Bonds**	**Nominal Value**	**Price**	**2024 Market Value**	**Nominal Value**	**Price**	**2023 Market Value**
	Imperial 5.25YR FXD Bond	132,200,000	100	132,200,000	132,200,000	100	132,200,000
	REALPPLE5YRFXD Bullet Note	183,750,000	100	183,750,000	183,750,000	100	183,750,000
	FXDCHASE2015	534,700,000	100	534,700,000	534,700,000	100	534,700,000
	Family Bank 5.5yr Bond	904,500,000	100	904,083,026	904,500,000	100	904,210,560
	KMRC Fixed Bond	131,146,537	100	112,496,385	131,146,537	100	131,086,078
	EABL_MTN_2021_Note	704,970,105	100	706,669,083	704,970,105	100	706,669,083
		2,591,266,642		**2,573,898,494**	**2,591,266,642**		**2,592,615,721**
	Less: Provision for doubtful bonds						
	Imperial 5.25YR FXD Bond	132,200,000	100	132,200,000	132,200,000	100	132,200,000
	FXDCHASE2015	534,700,000	100	534,700,000	534,700,000	100	534,700,000
	REALPPLE5YRFXD Bullet Note	183,750,000	100	183,750,000	183,750,000.00	100	183,750,000.00
	Sub-total	**850,650,000**		**850,650,000**	**850,650,000**		**850,650,000**
		1,740,616,642		**1,723,248,494**	**1,740,616,642**		**1,741,965,721**
	MOVEMENT						
	Balance at the beginning of the year			2,592,615,721			2,602,854,250
	Purchases			-			-
	Disposal/redemption			(18,598,267)			(10,848,763)
	Foreign exchange gain			8,574			
	Add: Fair value gain/(loss)			(127,535)			610,235
				2,573,898,494			**2,592,615,721**
	Less: Provision for doubtful bonds			850,650,000			850,650,000
				1,723,248,494			**1,741,965,721**

Provision relates to Imperial bank, Chase Bank and RealPeople bonds which have been assessed as doubtful investments following the placement of the two banks and the micro finance under statutory management by CBK and subsequent suspension of the respective securities from trading at the NSE.

Notes to the Financial Statements (Continues)

		2024 Kshs	2023 Kshs
20	**Accrued Income**		
	Accrued Dividend Income (20 a)	1,523,761,041	1,337,046,011
	Interest from T. bills and bonds (21b)	9,289,157,137	6,330,138,533
	Interest from Call and Fixed Deposits (21c)	105,818,272	97,187,173
	Batian Fund deposits	7,582,251	-
	Interest from Corporate Bonds (21d)	22,981,275	22,548,740
	Interest from Imperial and Chase bank	260,445,135	260,445,135
	REALPPLE5YRFXD BULLET NOTE	12,540,938	12,540,938
		11,222.286,049	**8,059,906,530**
	Less: Provision for doubtful interest		
	Interest from Imperial and Chase bank	(260,445,135)	(260,445,135)
	REALPPLE5YRFXD BULLET NOTE	(12,540,938)	(12,540,938)
	Dividend from Uchumi Supermarket	(1,095,510)	(1,095,510)
	Scangroup	(2,142,750)	(2,142,750)
	Total provisions	**(276,224,333)**	**(272,986,073)**
	Net accrued income	**10,946,061,715**	**7,583,682,198**
20 a	**Accrued Dividend Income**		
	Bamburi Cement	372,128,148	51,023,055
	Jubilee Holdings Ltd Ord 5.00	966,750	1,063,425
	Nation Media Group	-	7,514,370
	Diamond Trust Bank Kenya Ltd Ord 4.00	51,579,500	-
	Equity Bank Ltd Ord 0.50	1,022,928,184	1,006,473,384
	MTN Uganda	12,496,421	7,160,944
	Kenya Re-insurance Corporation	27,173,799	18,115,866
	Umeme	33,249,979	42,456,707
	Uchumi Supermarket	1,095,510	1,095,510
	Scangroup	2,142,750	2,142,750
		1,523,761,041	**1,137,046,011**
20 b	**Accrued from Govt bonds**		
	Treasury bonds	9,011,216,295	6,255,599,840
	Treasury bills	1,069,860	74,538,694
	Eurobonds	276,870,982	-
		9,289,157,137	**6,330,138,533**

Notes to the Financial Statements (Continued)

		2024 Kshs	2023 Kshs
20 c	**Interest from Call and Fixed Deposits**		
	ABSA Bank Ltd	-	5,912,358
	Coop Bank Ltd	39,234,097	23,697,447
	DTB Bank Ltd	-	1,506,849
	Equity Bank Ltd	8,356,260	6,635,696
	I&M Bank Ltd	4,605,808	7,355,124
	Housing Finance	2,760,274	
	KCB Bank Ltd	2,876,712	5,360,370
	NBK Bank Ltd	-	29,889,986
	NCBA Bank Ltd	25,972,825	12,997,643
	Sidian Bank Ltd	10,489,041	-
	SBM Bank Ltd	-	-
	Stanbic Bank Ltd	11,523,253	3,831,701
		105,818,272	**97,187,173**
20 d	**Interest from Batian Fund Deposits**		
	Stanbic (Batian Fund)	2,389,375	-
	KCB (Batian Fund)	2,589,041	-
	Coop (Batian Fund)	2,603,836	-
		7,582,251	**-**
20 e	**Accrued Interest from Corporate Bonds**		
	EABL-FXD 02/2017/005	15,421,221	14,946,722
	Family Bank 5.5yr Bond	2,883,426	2,242,664
	KMRC Fixed Bond	4,676,628	5,359,354
		22,981,275	**22,548,740**

21	**TPS Loans**		
	TPS Loans-held by NSSF Employees	600,512,233	634,676,886
	TPS Loans-held by Public	1,942,873,324	2,065,835,450
		2,543,385,556	**2,700,512,336**

Reduction of 6% in TPS loans is due to repayment by homeowners.

Notes to the Financial Statements (Continued)

22 Private Equity and Other Unlisted Securities

Company	No of Shares	Price	2024 Value	No of Shares	Price	2023 Value
Consolidated Bank Ord. Shares	2,225,000	3.74	8,321,500	2,225,000	3.74	8,321,500
Consolidated 4% Cumulative Pref.	8,050,000	3.74	30,107,000	8,050,000	3.74	30,107,000
FANISI FUND II	653,459	131.80	86,126,223	633,709	140.52	89,048,735
Acorn Students Association DReit	11,071,375	24.54	271,691,543	6,257,898	23.87	149,376,025
Acorn Students Association Ireit	29,816,065	22.03	656,847,912	16,762,452	20.88	349,999,998
UAP Holdings Limited	1,118,460	144.00	161,058,240	1,118,460	144.00	161,058,240
Franklin Templeton	245,049	4,341.75	1,063,938,283	-	-	-
Africa Finance Corporation	11,300,000	284.96	3,220,041,220			
			5,498,131,920			**787,911,498**

Consolidated Bank was valued in 2012 at a point when there was an expression of interest to purchase the Fund's stake. Given the nature of the bank, and the prevailing market conditions, it is prudent that it is retained at cost as opposed to reflecting the values obtained in 2012. Fanisi Fund II is a private equity fund. Private Equity investments are made in a manner such that the Fund made a commitment to invest $1 Million and the funds are only drawn down as Fanisi makes investments. The valuation can therefore only be carried out after the Fund has finalized making investments. The amount in the financial statements is therefore what has been drawn down. UAP shares have been revalued using Over the Counter (OTC) price as at 30th June 2024.

Movement	2024 Kshs	2023 Kshs
Balance at beginning of the year	787,911,498	466,465,299
Purchases during the year	5,016,253,357	514,600,495
Redemption during the year	(24,583,132)	
Foreign exchange gain	852,907	(193,154,296)
Less: Fair Value gain/(loss) on valuation	(282,302,709)	-
Balance at end of the year	**5,498,131,920**	**787,911,498**

The investment of Kshs. 5,016,253,357 constitute investments in private equities both local and offshore are depicted below.

Asset	Location	Units	Value	Currency
Acorn Students Association I'reit & D'reit	Local	17,867,090	400,000,085	Kes
Franklin Templeton	Offshore	245,049	1,020,779,113	USD
AFC Corporation	Local	24,860,000	3,568,220,282	USD
Fanisi II	Local	186,688	27,253,877	Kes
			5,016,253,357	

Notes to the Financial Statements (Continued)

23 Quoted Equities

	2024			2023		
Company	**Shares**	**Price**	**Value**	**Shares**	**Price**	**Value**
Athi River Mining	2,957,500	5.55	16,414,125	2,957,500	5.55	16,414,125
Bamburi Cement	68,030,740	41.8	2,843,684,932	68,030,740	25.20	1,714,374,648
Barclays Bank of Kenya	165,572,008	14	2,318,008,112	158,005,508	11.80	1,864,464,994
British American Tobacco Kenya	2,370,269	353.75	838,482,659	2,336,269	432.75	1,011,020,410
CFC Stanbic of Kenya Holdings	6,957,002	114.25	794,837,479	5,102,102	111.25	567,608,848
I&M Holdings	3,846,400	21.55	82,889,920	3,846,400	17.10	65,773,440
Diamond Trust Bank Kenya	8,596,583	46.5	399,741,123	8,596,583	49.85	428,539,678
E.A. Portland Cement	24,300,000	4.99	121,257,000	24,300,000	6.04	146,772,000
East African Breweries	29,627,529	146.75	4,347,839,881	29,627,529	155.00	4,592,266,996
Sameer Africa	2,838,776	2.05	5,819,491	2,838,776	2.65	7,522,756
Housing Finance	20,535,539	4.03	82,758,223	20,535,539	5.02	103,088,407
Centum Investment	5,885,800	8.72	51,324,176	5,885,800	9.00	52,972,200
Jubilee Holdings	96,675	179	17,304,825	96,675	180.00	17,401,500
KCB Bank	321,734,192	31.25	10,054,193,500	312,711,292	29.30	9,162,440,856
KPLC	55,505,337	1.66	92,138,859	55,505,337	1.58	87,698,432
Nation Media Group	5,009,578	16.9	84,661,860	5,009,578	19.05	95,432,452
NCBA Bank	17,426,262	41.1	716,219,361	17,426,262	38.85	677,010,272
Standard Chartered Bank	9,839,668	194	1,908,895,499	9,604,668	160.50	1,541,549,137
KenGen	206,401,483	2.39	493,299,544	206,401,483	2.31	476,787,426
Equity Bank	255,732,046	42.25	10,804,678,944	255,146,346	38.25	9,759,347,735
K.P.L.C 4% Pref	3,550	4	14,200	3,550	4.11	14,591
K.P.L.C 7% Pref	750	6	4,500	750	6.00	4,500
Kenya Re	181,158,662	1.42	257,245,300	90,579,331	1.80	163,042,796
Safaricom	1,179,248,830	17.2	20,283,079,876	928,131,230	17.50	16,242,296,525
The Co-operative Bank of Kenya	189,628,566	12.7	2,408,282,788	186,028,566	12.20	2,269,548,505
British-American Investments	230,564,205	6.04	1,392,607,798	230,564,205	5.02	1,157,432,309
Umeme Ltd (Kenya)	15,459,547	15.45	238,850,001	15,459,547	13.20	204,066,020
STANLIB FAHARI I-REIT	23,800,000	6.46	153,748,000	31,133,900	6.04	188,048,756
CRDB Bank Plc	1,140,000	25.659	29,250,961	1,140,000	25.60	29,186,886
MTN UGANDA	47,824,637	5.9352	283,848,546	39,810,225	6.52	259,488,222
Umeme Ltd (Uganda)	5,005,735	16.06	80,391,794	5,005,735	16.87	84,449,022
Total			**61,201,773,279**			**52,986,064,443**
Less: Provision for impairment			**(16,414,125)**			**-**
Net			**61,185,359,124**			

The changes in equity securities during the year were as follows:

Movement		
Balance at beginning of the year	52,986,064,443	57,804,631,730
Purchases during the year	4,800,486,518	7,768,621,877
Sales during the year	(60,834,343)	(2,511,481,998)
Foreign exchange gain	16,537,587	-
Add: Fair Value gain/(loss) on valuation	3,459,519,074	(10,075,707,121)
	61,201,773,279	**52,986,064,488**
Less: Provisions (ARM)	(16,414,125)	-
Balance at end of the year	**61,185,359,154**	**52,986,064,488**

Notes to the Financial Statements (Continued)

23 Quoted Equities (Continued)

During the year, the Fund purchased the following shares:

	2024			2023		
	No of Units	Average Price	Cost	No of Units	Average Price	Cost
Absa Bank	7,566,500	11.99	90,713,566	8,594,900	10.91	93,762,469
BAT (K) Ltd	34,000	423.61	14,402,808	294,179	424.04	124,744,907
Stanbic Bank	1,854,900	115.3	213,871,902	264,100	99.68	26,324,438
Equity Group	585,700	45.65	26,737,890	28,269,700	44.84	1,267,479,818
KCB Group	9,022,900	30.36	273,944,433	24,899,883	40.86	1,017,485,810
MTN Uganda	8,014,412	4.92	39,415,295		#DIV/0!	
Safaricom Ltd	251,117,600	16.12	4,048,968,475	165,172,053	23.09	3,814,324,485
Standard Chartered Bank	235,000	167.68	39,404,001	2,548,400	165.82	422,581,004
Cooperative Bank	3,600,000	14.73	53,028,099	15,577,642	12.62	196,515,362
EABL Ltd	-	-	-	1,103,705	148.35	163,735,198
Bamburi Cement	-	-	-	3,487,800	30.33	105,778,452
UMEME (Kenya)	-	-	-	31,566	7.55	238,199
Kengen Ltd	-	-	-	148,649	3.71	551,989
Total	**282,031,012**		**4,800,486,469**	**250,392,577**	**28.89**	**7,233,522,128**

Africa Alliance Asset Management Ltd, CIC Asset Management Ltd, CoopTrust Investment Services Ltd GenAfrica Asset Managers Ltd, Old Mutual Investment Group and Sanlam Investments East Africa manage portfolios of equity securities on behalf of the Fund. The Fund Managers have the mandate to make investments at their discretion but in compliance with the Fund's investment policy.

	%	2024 Kshs	2023 Kshs
Externally Managed:			
Africa Alliance Asset Management Ltd		10,331,717,897	9,923,590,375
CIC Asset Management Ltd		4,834,964,552	4,646,569,120
CoopTrust Investment Services Ltd		8,775,255,409	7,955,456,599
GenAfrica Asset Managers Ltd		14,985,775,338	12,348,127,815
Old Mutual Investment Group		10,585,644,738	9,642,124,434
Sanlam Investments East Africa		6,508,261,426	4,516,021,723
Total Equities Externally Managed	**92%**	**56,021,619,360**	**49,031,890,065**
Internally Managed	**8%**	**5,196,568,044**	**3,954,174,379**
Total Equities	**100%**	**61,218,187,404**	**52,986,064,443**

Internally managed Equities

	No of Shares	Price as at 30.06.2024	Price as at 30.06.2024	Value as 30.06.2024 in Kshs	Value as 30.06.2023 in Kshs
Absa Bank	16	14.00	11.80	224	189
Standard Chartered Bank	313,773	194.00	160.50	60,871,876	50,360,495
E. A. Portland Cement	24,300,000	4.99	6.04	121,257,000	146,772,000
KCB Bank Group	39,780,275	31.25	29.30	1,243,133,594	1,165,562,058
Bamburi Cement	56,906,640	41.80	25.20	2,378,697,552	1,434,047,328
Britam	230,564,205	6.04	5.02	1,392,607,798	1,157,432,309
				5,196,568,044	**3,954,174,379**

Internally managed equities are held for strategic reasons and are not available for trading by Fund Managers.

Notes to the Financial Statements (Continued

24. Investment Property

	Fair value 30.06.2024 Kshs	Additions Kshs	Disposal Kshs	Fair value adjustments Kshs	Balance 30.06.2023 Kshs
a) Developed Property					
Social Security House Nairobi L.R. No: 209/13920	8,750,000,000		-	65,000,000	8,685,000,000
Social Security House Mombasa L.R. No: Block XXV/123	1,550,000,000	-	-	-	1,550,000,000
Bruce House L.R. 209/6776 (I.R. No: 21769)	2,970,000,000		-	20,000,000	2,950,000,000
Hazina Trade Centre L.R. No. 209/6708 (I.R.No.21457)	4,420,000,000		-	20,000,000	4,400,000,000
View Park Towers L.R. No: 209/8595 (I.R. No: 29601)	2,576,000,000		-	11,000,000	2,565,000,000
Hazina Towers L.R. No: 209/10567(I.R. No:43170)	1,588,000,000	-	-	6,000,000	1,582,000,000
Hazina South B L.R. No: 92/1598,1599,1600	366,000,000	-	-	2,000,000	364,000,000
Hazina Plaza- Polana Mombasa L.R. MSA/Block XX/328&329	425,000,000	-	-	-	425,000,000
Kisumu Estate-Kisumu L.R. No. Kisumu/Mun/Block 8/258	220,000,000	-	-	-	220,000,000
Milimani Executive Apartments	1,689,271,281	-	262,241,975	-	1,951,513,256
Nyayo Estate Embakasi	273,947,415	-	7,500,000	-	281,447,415
Sub-total	**24,828,218,697**	**-**	**269,741,975**	**124,000,000**	**24,973,960,671**
b) Undeveloped Land					
Kenyatta Avenue Plots L.R. No: 209/11331,11412,12287,12219,12220	4,022,000,000	-	-	-	4,022,000,000
Mavoko-Sabaki Plots L.R. 20305,24578,24577,24574,26472,20355,24579,20694,24575	4,220,000,000	-	-	-	4,220,000,000
L.R.20181,20183,20184,20201,20205,20206,20207	140,000,000		-	-	140,000,000
Bamburi Plots L.R. No: MN/I/2535,2537,2538,2539,2540	1,130,000,000	-	-	-	1,130,000,000
L.R. No: MN/982-Mombasa	600,000,000	-	-	-	600,000,000
L.R. 20589-Makutano Junction	425,000,000	-	-	-	425,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Lamu/ Mukowe New Township/1168	4,000,000		-	-	4,000,000
Tassia Estate	20,264,784	-	-	-	20,264,784
Sub-total	**10,836,264,784**	**-**	**-**	**-**	**10,836,264,784**
Total Investment Property	**35,664,483,481**	**-**	**269,741,975**	**124,000,000**	**35,810,225,456**
Less: Provision for Impairment (note 33)					
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
Total provision for impairment	**275,000,000**	**-**	**-**	**-**	**275,000,000**
Net Investment Property	**35,389,483,481**	**-**	**269,741,975**	**124,000,000**	**35,535,225,456**

Investment properties comprise land and buildings held to earn rental income and/or capital appreciation. The fair values of each investment properties were assessed by at least one of the independent certified professional valuers including Ebony Estates Limited, Value Line Consulting Limited and Legend Management Limited as at 30 June 2024.

Notes to the Financial Statements (Continued)

24. Investment Property (Continued)

The valuations were carried out in accordance with the International Valuation Standards, with regard to relevant local statutes, customs and market practice. In determining the fair values of investment properties especially in the case of undeveloped land, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment. The valuers also utilised the income capitalisation approach by reference to the net cashflows/annual incomes from commercial property (majorly buildings) where the buildings were set up primarily for rental purposes unless the approach did not reflect reasonable estimates based on current market conditions.

In instances where the market value of a property could not be ascertained due to lack of information, the valuers adopted the cost approach which is based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present-day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly.

Changes in fair values are recognised in the statement of changes in net assets available for benefits. The impact of revaluing investment properties on surplus for the year is Kshs.124 million as disclosed in the table below which also shows the reconciliation of the movement in the carrying amount of the investment property between the opening and closing dates.

24a	Movement	2024 Kshs	2023 Kshs
	Opening balance	35,810,225,456	35,689,340,317
	Additions during the year	-	472,973,368
	Reduction/disposal during the year	(269,741,975)	(273,114,862)
	Gain/(loss) on revaluation	124,000,000	(78,973,368)
	Transfer to Asset under Construction	-	-
		35,664,483,481	**35,810,225,456**
	Less: Impairment (note 33)	(275,000,000)	(275,000,000)
		35,389,483,481	**35,535,225,456**

Reduction represent sale of Milimani Executive Apartments house units and Nyayo Embakasi. Impairment relates to Forest Edge plot and Upper Hill Plot whose title was revoked by the National Land Commission. Valuation of Land and buildings was carried out by independent valuers on income capitalization and comparison approach. These amounts were adopted on 30th June 2024.

Notes to the Financial Statements (Continued)

25 Property, Plant and Equipment

	Motor Vehicle Kshs	ICT Kshs	Furniture Kshs	Equipment Kshs	Fittings Kshs	Totals Kshs
Cost/Valuation						
Opening carrying value as at 1st July 2021	**549,992,605**	**1,030,936,444**	**268,722,515**	**372,618,886**	**118,270,602**	**2,340,541,052**
Additions During the year	8,180,000	185,883,547	4,759,995	20,547,095	63,667,889	283,038,526
Transfer from AUC		47,236,277	-	-	-	47,236,277
Disposal						-
Closing carrying value as at 30 June 2022	**558,172,605**	**1,264,056,268**	**273,482,510**	**393,165,981**	**181,938,491**	**2,670,815,855**
Opening carrying value as at 1st July 2022	558,172,605	1,264,056,268	273,482,510	393,165,981	181,938,491	2,670,815,855
Additions During the year	24,193,105	13,957,154	18,976,548	2,721,964	1,183,488	61,032,259
Transfer from AUC		-				-
Disposal						-
Closing carrying value as at 30 June 2023	**582,365,710**	**1,278,013,422**	**292,459,058**	**395,887,945**	**183,121,979**	**2,731,848,114**
Opening carrying value as at 1st July 2023	582,365,710	1,278,013,422	292,459,058	395,887,945	183,121,979	2,731,848,114
Additions During the year	21,380,000	12,991,057	36,340,392	32,325,771	8,257,755	111,294,975
Transfer from AUC		36,303,303				36,303,303
Disposal						-
Closing carrying value as at 30 June 2024	**603,745,710**	**1,327,307,782**	**328,799,450**	**428,213,716**	**191,379,734**	**2,879,446,392**
Depreciation						
Opening balance as at 1st July 2022	433,858,940	969,596,508	205,537,137	295,957,047	103,114,715	2,008,064,346
Disposal						-
Charge for the year	47,134,307	104,349,420	18,020,225	22,786,516	26,747,261	219,037,729
Reclassification to Low asset value						-
Closing balance as at 30 June 2023	**480,993,248**	**1,073,945,927**	**223,557,362**	**318,743,563**	**129,861,975**	**2,227,102,075**
Opening balance as at 1st July 2023	480,993,248	1,073,945,927	223,557,362	318,743,563	129,861,975	2,227,102,075
Disposal						-
Charge for the year	45,556,869	107,002,823	15,676,434	23,997,686	25,752,115	217,985,926
Adjustment prior year (Low asset value)		993,118				993,118
Closing balance as at 30 June 2024	**526,550,117**	**1,181,941,868**	**239,233,795**	**342,741,249**	**155,614,090**	**2,446,081,119**
Net Book Value						
NBV as at 30 June 2023	**101,372,462**	**204,067,495**	**68,901,697**	**77,144,382**	**53,260,004**	**504,778,177**
NBV as at 30 June 2024	**77,195,593**	**145,365,914**	**89,565,655**	**85,472,467**	**35,765,644**	**433,365,273**

Notes to the Financial Statements (Continued)

25 Fully depreciated property, plant and equipment

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

	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Motor Vehicles	969,507,419.33	193,901,484
ICT Hardware	363,481,362.79	121,160,454
Furniture	225,231,248.62	22,523,125
Equipment	160,387,643.81	20,048,455
Fittings	117,833,637.79	23,566,728
Softwares	1,247,498,635	415,832,878
Total	**3,083,939,947**	**797,033,124**

26 Intangible Assets

Description	2024 Kshs	2023 Kshs
Cost		
At July 1	1,247,498,635	1,247,498,635
Additions	-	-
Disposals	-	-
At June 30	**1,247,498,635**	**1,247,498,635**
Amortization		
At July 1	1,157,310,418	878,717,640
Charge for The Year	90,188,217	278,592,778
Disposals	-	-
Impairment Loss	-	-
At June 30	**1,247,498,635**	**1,157,310,418**
Net Book Value		
At June 30	-	**90,188,217**

27 Assets Under Construction

	2024 Kshs	2023 Kshs
Tassia Scheme project	105,158,476	105,158,476
Bamburi Plot	10,152,732	8,624,178
EDMS	49,800,000	-
ViewPark Towers Lift Installations	16,659,413	-
Kitui Branch Office Partition	541,489	-
Kabarnet Branch Office Renovations	4,365,158	-
Kerugoya Branch Office Renovations	3,799,750	-
NSSF Nandi Hills Office Renovation	1,139,820	-
Field Offices Partitioning	15,790,872	-
Renovation of Hazina Polana	1,408,400	-
SSH Gym Centre	-	6,995,968
Bulk Filers	24,358,538	24,358,538
Net Amount	**233,174,648**	**145,137,161**
Less: Provision for Impairment	(105,158,476)	(105,158,476)
	128,016,172	**39,978685**

Notes to the Financial Statements (Continued)

27 Assets Under Construction (Continued)

Movement		
Opening balance	145,137,161	260,144,223
Additions during the year	95,033,455	25,775,191
Transfer of complete assets	(6,995,968)	(140,782,253)
	233,174,648	**145,137,161**
Less: Provision (Tassia Project)	(105,158,476)	(105,158,476)
Closing balance	**128,016,172**	**39,978,685**

28 Inventory

	2024 Kshs	**2023 Kshs**
General office stationery	28,942,905	19,492,970
Office and computer accessories	9,722,189	6,614,728
Tools and electrical accessories	704,231	608,562
Safety materials and clothing	909,806	222,298
Hospitality materials	4,869,975	4,308,077
Motor vehicle spares	108,800	-
	45,257,906	**31,246,635**

Stores and supplies represent the value of items of stationery, consumables and other materials held in the stores as at 30 June 2024. A stock-take to ascertain the value is carried at the end of every financial year and reconciliation carried out.

29 Staff Mortgage Scheme deposits

	2024 Kshs	**2023 Kshs**
KCB Bank	140,745,777	138,792,696
Housing Finance	668,762,970	656,027,978
National Bank of Kenya	495,321,267	486,417,521
	1,304,830,014	**1,281,238,196**

Long-term deposits are made up of staff mortgage security deposits and balances of mortgage revolving funds bank accounts. The Fund has a staff mortgage scheme advanced at 5% interest to staff. All cadres of staff enjoy the facility according to the Human Resource Policy.

30 Staff Loans

	2024 Kshs	**2023 Kshs**
Car loans	153,421,544	168,479,864
Insurance loans	4,479,550	4,542,020
Other Loans	430,516	430,516
	158,331,610	**173,452,400**

Notes to the Financial Statements (Continued)

31 Receivables and Prepayments

		2024 Kshs	2023 Kshs
	TPS Debtors (note 31 a)	1,626,320,643	1,686,373,991
	Rent Debtors	1,563,936,265	1,717,059,517
	Deposits and prepayments (note 31 b)	275,193,480	274,096,080
	Tax recoverable (note 31 c)	940,336,114	938,003,638
	Staff advances (note 31 d)	43,216,478	49,282,012
	Service charge debtors (31 g)	1,112,975,232	1,073,043,233
	Contributions debtors (note 31 e)	3,144,845,013	1,512,982,541
	Legacy debtors (31 f)	14,389,969	14,389,969
	Contribution Unpaid Cheques	50,397,305	85,769,461
	Rent and TPS Unpaid Cheques	-	829,773
	Clearing balances	90,077,228	-
		8,861,687,728	**7,351,830,217**
	Less: Provision for doubtful debts	670,376,547	771,157,271
		8,191,311,181	**6,580,672,946**
31a	**TPS Debtors**		
	Public	1,521,502,492	1,592,194,533
	Staff TPS Debtors	104,818,150	94,179,458
		1,626,320,643	**1,686,373,991**
31b	**Deposits and prepayments**		
	Other deposits	896,300	896,300
	Advances and deposits to suppliers	274,297,180	273,199,780
		275,193,480	**274,096,080**
31c	**Tax recoverable**		
	Tax refund due from KRA (1996,1997)	904,903,717	904,903,717
	Tax on interest earned from bank balances	28,937,527	26,605,051
	Low interest tax	6,494,870	6,494,870
		940,336,114	**938,003,638**
		940,336,114	**938,003,638**

Out of the tax receivable of Kshs 938,003,638, Kshs 904,903,717 relates to an income tax return of Kshs 1,067,606,204 filed in 1996 later established that an amount of Kshs 493,257,328 was overpaid and a further Kshs 411,646,389 income tax inadvertently paid to KRA in 1997 when the Fund had become income tax exempt in accordance with Section 45 of the First schedule of Income Tax Act Cap 470 which came into effect on 18 June 1996. The incidental refund of the same has remained outstanding and in 2019/2020 financial year, the same continues to be recognised as a debt.

Year	Amount (Kshs)	Comment
1996	493,257,328	Overpayment based on draft accounts
1997	411,646,389	Overpaid based on the Finance Bill 1996 which was different from Finance Act 1996. KRA is yet to refund incompliance to Section 90 (1)
	904,903,717	

Notes to the Financial Statements (Continued)

31d	Staff receivables	2024 Kshs	2023 Kshs
	Car Loans Debtors	15,181,924	15,748,195
	Car Insurance Debtors	894,562	1,416,678
	Mortgage Loan Debtors	6,917,601	6,917,601
	Other Staff Loan Debtors	434,749	434,749
	Salary Advances	8,030,790	8,906,215
	Staff Imprests	3,819,564	4,625,266
	Staff Medical Advance	4,836,969	6,583,257
	Staff Vehicle Insurance Advance	55,139	55,139
	Meal Allowance	28,000	26,600
	Staff Household Advance	3,017,180	4,568,312
		43,216,478	**49,282,012**

Provision for doubtful debts		
General provisions:		
TPS Debtors	32,526,413	33,707,349
Rent Debtors	20,354,455	22,030,694
Total general provisions	**52,880,867**	**55,738,044**
Specific provisions:		
Various vacated tenants	546,213,535	615,259,797
Staff pension debtor	4,587,969	4,587,969
Mutula Kilonzo	5,015,000	5,015,000
Lloyd Masika Ltd	4,787,000	4,787,000
Bounces cheques	50,397,305	85,769,461
Low interest tax	6,494,870	-
Total specific provisions	**617,495,679**	**715,419,227**
Total Provisions	**670,376,547**	**771,157,271**

The provision relates to long outstanding items whose recoverability has been judged to be doubtful. Effort to recover is ongoing but the provision is to ensure that the financial statements do not overstate the financial position of the Fund.

31e	Contribution debtors	2024 Kshs	2023 Kshs
	Outstanding for less than 30 days	2,429,085,723	2,429,085,723
	Outstanding for more than 30 days	3,144,845,013	-
	Less: Accruals at start of the year (less than 30 days)	(2,429,085,723)	(916,103,182)
	Outstanding contribution debtors as at 30 June	**3,144,845,013**	**1,512,982,541**

Notes to the Financial Statements (Continued)

31f	Legacy Debtors	2024 Kshs	2023 Kshs
	Mutula Kilonzo	5,015,000	5,015,000
	Lloyd Masika Ltd	4,787,000	4,787,000
	Staff pension debtor	4,587,969	4,587,969
		14,389,969	**14,389,969**

31g	Service Charge Debtors		
	Opening	1,073,043,233	864,567,109
	Increase in the year	39,931,999	208,476,124
	Decrease in the year	-	-
	Prior year adjustment	-	-
		1,112,975,232	**1,073,043,233**

32 Cash and bank balances

	2024 Kshs	2023 Kshs
Cash balances	1,201,110	1,020,770
Stanbic Bank	4,404,294	959,830
Cooperative Bank	392,368,711	42,212,424
Kenya Commercial Bank	1,412,940,547	916,130,950
Mpesa	-	29,775,678
Equity Bank	132,757	-
Ecitizen	42,872,835	-
National Bank of Kenya	326,795,476	111,162,664
Standard Chartered Bank	19,675,002	96,160,851
	2,200,390,732	**1,197,423,167**

The Fund utilizes the services of several commercial banks to collect contributions from employers each month. Funds are transferred from collection accounts to custodian accounts in KCB, Standard Chartered Cooperative and Stanbic. Balances held in collection accounts earn interest at agreed rates. The Fund has also complied with government directive for collection of revenues through Ecitizen. The fair value of the cash and bank balances is equal to their carrying amount. For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and bank balances above.

33 Provision for doubtful assets

PROVISIONS	2024 Kes	2023 Kes
Imperial 5.25YR FXD Bond (Note 19)	132,200,000	132,200,000
FXDCHASE2015 (Note 19)	534,700,000	534,700,000
REALPPLE5YRFXD Bullet Note (Note 19)	183,750,000	183,750,000
Athi River Mining (Note 23)	16,414,125	-
L.R.209/11642-Upperhill-Nairobi (Note 24)	115,000,000	115,000,000
Forest Edge (Note 24)	160,000,000	160,000,000
Imperial bank (Note 15)	206,126,260	206,126,260
Doubtful accrued income (Note 20)	276,224,334	276,224,334
Provision for doubtful debts (Note 31 d)	670,376,547	771,157,270
	2,294,791,266	**2,379,157,864**

Notes to the Financial Statements (Continued)

34 Payables and Accruals

		2024 Kshs	2023 Kshs
	Payables due to Vendors	252,281,676	224,409,126
	Rental Deposits	266,757,400	250,851,348
	House Purchase deposits	124,543,946	177,705,948
	TPS Creditors	795,554,477	610,552,464
	Tassia infrastructure deposits	185,920,873	211,805,069
	Taxes Payable (note 34 a)	59,714,401	52,768,292
	Sundry creditors and accruals (note 34 b)	55,409,965	17,998,577
	Returned benefits (note 34 c)	158,477,570	182,829,417
	Provision for gratuity	18,650,964	-
	Provision for pay in lieu of leave (note 34 d)	110,462,898	90,964,564
		2,027,774,170	**1,819,884,806**
34a	**Taxes Payable**		
	Withholding income tax	5,030,112	362,335
	VAT on rent	53,482,991	51,435,118
	Withholding VAT tax	1,201,299	970,839
		59,714,401	**52,768,292**
34b	**Analysis of Sundry Creditors and Accruals**		
	Prepaid rent	44,884,212	1,627,806
	Unknown rent debtors	1,138,780	1,138,780
	Provision for audit fees	9,280,000	17,280,000
	TPS Sundry Creditors	(1,788,490)	(1,788,490)
	Salary payable (Net pay)	1,896,526	(259,519)
	Rounding off difference	(1,063)	-
		55,409,965	**17,998,577**
34c	**Returned benefits**		
	Legacy balances	158,477,570	167,105,369
	Bounced EFT	-	15,724,049
		158,477,570	**182,829,417**
34d	**Provision for leave pay**	90,964,564	51,301,034
	Increase during the period	19,498,333	39,663,531
	Reduction in Provision leave pay	-	-
		110,462,898	**90,964,564**

Notes to the Financial Statements (Continued)

35 Member Liabilities

a) Accumulated member funds

	2024 Kshs	2023 Kshs
At start of the year	304,263,207,359	252,561,833,974
Contributions received during the year	59,143,557,370	26,873,595,651
Interest allocation	-	31,502,979,415
Members' fund liability before benefit payments	**363,406,764,729**	**310,938,409,041**
Benefits paid during the year		
Age benefit	(3,816,746,950)	(2,472,744,902)
Survivors benefit	(422,217,185)	(217,291,502)
Invalidity benefit	(19,192,541)	(44,096,737)
Withdrawal benefit	(1,064,221,238)	(772,196,285)
Emigration benefit	(24,114,914)	(12,859,539)
Interest	(4,366,796,448)	(3,156,012,717)
Total benefits payments	**(9,713,289,275)**	**(6,675,201,682)**
At end of year	**353,693,475,454**	**304,263,207,359**

b) Interest allocated to members	**2024 Kshs**	**2023 Kshs**
Interest allocation as per actuarial valuation	-	31,502,979,415
	-	31,502,979,415

c) Member reserve accounts	**2024 Kshs**	**2023 Kshs**
At the start of the year	7,858,624,235	33,161,030,963
Allocation of interest	-	31,502,979,415
Net Increase in Fund for the year	35,430,141,631	6,200,572,687
at 30 June	**43,288,765,866**	**7,858,624,235**

d) Unremitted contributions	**2024 Kshs**	**2023 Kshs**
Contribution arrears accrued	3,144,845,013	-
	3,144,845,013	**-**

36 Taxation

According to Section 45 of the First schedule of Income Tax Act Cap 470 effective 18 June 1996, the Fund is exempted from taxation. According to Income Tax (National Social Security Fund (Exemption) Rules 2002, effective 1 July 2002 the Fund should comply with certain regulations for it to remain exempted.

37. Compliance with retirement benefits act

In compliance with Retirement Benefits Act, NSSF maintains employer contribution clearing accounts where total contributions are posted from employers to the credit of member accounts for benefits payment upon qualification as per the Act. However, during the year, contribution in transit increased from Kshs. 942 million as at 30 June 2023 to Kshs. 4,320 million as at 30 June 2024. The increase is attributable to the onboarding of Government Ministries, Departments and Agencies; County Governments; Teachers Service Commission, Police Service and other disciplined forces among other government entities whose employees were initially not members of NSSF and therefore were not contributing to the Fund are have now become members by dint of NSSF Act.

Notes to the Financial Statements (Continued)

38. Related Party Disclosures (IAS 24)

The Fund is controlled by Government of Kenya pursuant to powers conferred upon it in the NSSF Act, including the power to appoint members of the Board of Trustees, to approve investments of the Fund and to approve its annual budget. The is also related to Consolidated Bank, East African Portland Cement and Bamburi Cement ordinary and preference shareholdings and directorships.

The following transactions were carried out with related parties with which the Fund holds ordinary shares.

	2024 Kshs	2023 Kshs
a) Income Earned from Related Parties		
Dividend from Bamburi Cement	372,128,148	51,023,055
Interest from Treasury bonds	32,970,526,570	23,562,881,992
Interest from Treasury bills	21,422,129	264,191,134
Interest from staff loans	32,296,072	31,840,856
Rent Income from NSSF Sacco Ltd	7,127,897	7,127,897
Rent from government entities	507,474,044	507,474,044
	33,910,974,860	**24,424,538,978**
b) Key Management and Trustees compensation		
Salaries and short-term benefits	78,815,364	
Trustees remuneration (note 13)	68,782,807	55,757,130
	147,598,171	**55,757,130**

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel and Board of Trustees.

Board expenses include costs for board meetings, consultancies, travel costs and trainings. The Board ascertains to continuously avail value to the Fund through offering strategic direction. The costs disclosed above provide the input required to ensure the Board meets its mandate within the approved budget thresholds and legal frameworks.

c) Loans and advances due from related parties	2024 Kshs	2023 Kshs
Staff loans (note 30)	158,331,610	173,452,400
TPS Loans (note 21)	600,512,233	634,676,886
Staff advances (note 31 d)	43,216,478	49,282,012
Staff Mortgage Scheme	1,304,830,014	1,281,238,196
	2,106,890,335	**2,138,649,493**
d) Dividends due from related parties		
Bamburi Cement	372,128,148	51,023,055
	372,128,148	**51,023,055**

e) Debt instruments with related parties		
GOK Treasury Bills	8,771,040	1,212,194,817
GOK Treasury Bonds	253,804,875,051	186,564,962,441
GOK Eurobonds	7,168,671,038	-
	260,982,317,129	**187,777,157,258**

The Fund provides qualifying employees with car and housing loans on terms more favourable than the market rate. The benefits obtained by staff are subjected to income tax as required under the Kenya Income Tax Act.

39. Contingent assets and liabilities

a) Contingent Assets

In the financial year 2012/2013, The Board of Trustees approved exclusion of impaired assets from the Financial Statements. The cases to recover the assets are being pursued in courts of law and the current status of the cases is as follows:

i. Properties in Gazetted Areas

The Fund acquired investment properties in gazetted areas in New Muthaiga L.R. No.209/12274 measuring 18.41 hectares (located within Sigiria Block which is part of the Karura Forest Reserve), Ngong Road L.R.Nos.20840 and 20841 lying next to Lenana School (part of Ngong Forest).

New Muthaiga (Value of plots (Kshs. 850,000,000)

The Fund filed a case under (formerly 147 of 2004) NSSF Board of Trustees VS- Kitisuru Limited and Geoffrey Chege Kirundi, Mike Maina Kamau, Commissioner of Lands and Attorney General. The case is ongoing and is at hearing stage. EACC is currently investigating the matter.

Ngong Road Plot LR. Nos.20840 & 20841 Value of Plot (Kshs. 115,000,000)

The Fund filed a case in court under Milimani HCCC NO. 162 of 2005 NSSF vs Kerios Farm Ltd. The case is ongoing. On 15 July 2014 EACC wrote to the Fund informing it that it is investigating the matter. The title to the property was revoked vide a Kenya Gazette Notice No.3640 dated 1 April 2010. As per the Gazette Notice revoking the title, the parcel of the land had been reserved for public purposes and the allocation was therefore illegal and unconstitutional. The Fund was not given a hearing or any formal notification of the revocation of title.

The Fund is engaging the Chairman, National Land Commission and the Commissioner of Lands seeking for the reinstatement of the title of L.R. No.209/11642 and no positive reply has been received to date. As at 30 June 2015, the valuation of the land stood at Kshs.115 million.

Notes to the Financial Statements (Continued)

ii. **The amount of Kes.251,516,000.00 invested in Euro Bank**
An amount of Kshs. 251, 516,000.00 invested in Euro Bank and expected to have matured on 28 February 2002 had not been redeemed, as the Bank was placed under receivership in 2003.

The Fund initially won the case against Shah Munge & Partners and was awarded Kshs. 258, 133,333.00. In 2013, the Fund identified 5,250,000 NSE shares valued at Kshs. 250,000,000.00 belonging to Shah Munge, but another company by the name Southern Bell Ltd went to court claiming ownership of the shares.

The company lost the case blocking the Fund from selling the 5,250,000.00 shares for Euro Bank valued at Kes.250, 000,000.00. The Fund sold the shares including a bonus of 17,500,000 shares for Kes. 92,681,284.40, out of which Kshs. 23,523,743.30 was retained and paid out as legal fees and other costs.

iii. **Discount Securities Ltd**
The amount of Kes.1,201,143,000 in respect of shares purchased through Discount Securities Limited. The matter concluded and the culprits convicted. The Fund has now embarked on the process of recovery of the lost amount.

iv. **Cash Losses Westlands Branch Fraud (cash losses)**
The amount of Kes.7,243,030 was lost through fraud at the Branch. The matter is before a court of law for determination though fully provided for in the Financial Statements for 30 June 2015. The case is ongoing.

v. **Contribution Arrears and Penalties as at June 2024**
Contributions receivable estimated to be Kshs.12,629,874,919 have not been included in the financial statements. This comprises of statutory contributions of Kshs.3,144,845,013 and penalties of Kshs.9,485,029,907. Kshs.224,428,850 relate to the defunct local authorities. These contributions are based on estimates made on employer and the outstanding penalty is estimated based on previous late payments. The Fund is involved in recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

iv. **High Court Income Tax Appeal No. 7 of 2014 NSSF Board of Trustees =VS= Commissioner of Domestic Taxes, KRA.**
Kes. 904,903,717.00 being pending tax refund due and owing to NSSF from KRA pursuant to judgement delivered in High Court Income Tax Appeal No. 7 of 2014 on 29th June 2016. NSSF appointed Messrs SMK Business Consultants LLP as Consultants to lead a team from NSSF and that from KRA. One meeting was held and after deliberations, KRA sought time for further consultation and revert. The Fund has a high chance of success in recovering the money since KRA has admitted they owe NSSF the refund.

Notes to the Financial Statements (Continued)

b) Contingent Liabilities

The major cases that may give rise to contingent liabilities during the year are as follows:

i. **Nyayo Estate Embakasi Phase Six**

Nyayo Embakasi Residents Association (NERA) instituted legal proceedings in the High Court of Kenya at Nairobi Environment and Land Division ELC NO.1170 of 2014 seeking to stop construction of the project because of environmental concerns. This has resulted in delay in completion of the works and this has led to the expiry of the Bank guarantee and the mobilization fee of Kes. 215, 540,774.00 is at risk. The value of work done is thus KES 274.7 million against the payment of Kes 227.9 million. This implied that the Fund's exposure is KES 168.7 which will be claimed based on the terms of the contract.

ii. **Nyayo Estate, Embakasi (Mugoya Construction)**

Mugoya Construction Company Limited has sued the Fund claiming Kes.7.058 billion against a counter claim by NSSF of Kes.9.873 billion. Included in project costs for Nyayo Estate, Embakasi and the counter-claim are questionable payments of Kes.324.356 million made to Mugoya Construction Company Limited without security. The Fund is of the opinion that the possibility of Mugoya Construction Company Limited succeeding is remote. These and other matters relating to dealings with Mugoya Construction Company Limited are under arbitration for determination. However, full provision of Kes. 324.36 million was made in the 2008/2009 Financial Statements. To date, the arbitration process is still ongoing.

iii. **Refurbishment of Social Security House, Block C ground floor and associated services**

Arbitration between Centurion Engineers and Builders Limited Vs. NSSF Board of Trustees where the claimant filed seeking further payment of Kes.460,216,803.73 after settlement of final account allegedly for final accounts, interest on delayed payments and loss of investments. The matter was referred to arbitration and Architectural Association of Kenya appointed Lilian Gitonga- Kithinji as the sole arbitrator.

The Fund filed an objection challenging the jurisdiction of the Arbitral Tribunal to hear and determine the dispute. The Hon Arbitrator ruled that the Claimant had fully complied with the provisions of the contract in invoking the jurisdiction of the Arbitral Tribunal. The Fund's application was disallowed on 9th May 2024 and dismissed with costs to the Claimant.

iv. **Arbitration between LEVS Trading Company Limited T/A House of Leather -vs- The National Social Security Fund Board of Trustees**

The Claimant a former tenant at Hazina Trade Centre is seeking Kes. 37,575,625 allegedly for loss of business after they were evicted from the premises due to non-payment of rent arrears and service charge totalling to Kes. 15,688,335.99. The Claimant fully settled the arrears and service charge of Kes. 15,688,335.99, leaving the claim for loss of business in court.

Notes to the Financial Statements (Continued)

The arbitration is part heard before Aurthur Igeria of Igeria and Ngugi Advocates. Each of the parties is meeting the costs to the Arbitrator. The matter was heard on 16th May 2024 where the Expert Witness for the Claimant together with the Fund Witness were heard.

v. **Kisumu Court of Appeal Civil Application No. 3 of 2021 NSSF Board of Trustees - Vs- Keiyo Teachers Co-operative Savings & Credit Society, Andrew Ojal & 7 Others.** This matter relates to Eldoret/Municipality Block 101/176-179 which NSSF sold to the Petitioner (then Prime Time Sacco) for Kshs. 50,111,880.00. The Sacco was unable to take possession of the property as the land is being claimed by Prisons. Kenya gazette notice 6865 dated 17.7.2017 indicating that NSSF should compensate the Teacher's Sacco. The High Court delivered its ruling in Eldoret ELC No 253 of 2012 on 9 April, 2020. Judgement entered in favour of the Plaintiffs against the Fund for Kshs. 50,111,880.00 plus interest from the date of filing suit. Currently there are discussions with a view of exploring out of court negotiations.

40. Financial Risk Management (IFRS 7)

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

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

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board of Trustees has established various Board committees, which are responsible for developing and monitoring the Fund's risk management policies in their specific areas.

Notes to the Financial Statements (Continued)

All Board committees report regularly to the Board of Trustees on their activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Fund, through its training and management policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Specifically, the Audit & Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund. The Committee is assisted in these functions by Audit & Risk department which undertake reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

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

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in **note 1** to the Financial Statements.

b) Financial Risk Factors

The Fund's overall risk management programme seeks to maximize the returns derived from the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's performance. The management of these risks is carried out by the Management and Fund Managers under investment policies approved by the Board of Trustees.

c) Credit risk

The Fund 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 Board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

The carrying amount of financial assets recorded in the financial statements representing the Fund'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 2024				
Receivables from exchange transactions	3,190,256,908	2,591,162,506	599,094,402	546,213,535
Receivables from non-exchange transactions	5,671,430,820	5,600,148,675	71,282,144	71,282,144
Bank balances	2,200,390,732	2,200,390,732	-	-
Total	**11,062,078,459**	**10,391,701,913**	**670,376,547**	**617,495,679**
At 30 June 2023				
Receivables from exchange transactions	3,403,433,508	2,732,435,668	670,997,840	615,259,797
Receivables from non-exchange transactions	3,948,396,708	3,848,237,278	100,159,430	100,159,430
Bank balances	1,197,423,167	1,197,423,167	-	-
Total	**8,549,253,384**	**7,778,096,114**	**771,157,271**	**715,419,227**

* *Past due includes impaired.*

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from rent debtors.

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.

d) Foreign Currency Risk

The Fund holds substantial investments in foreign currency and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Ugandan Shilling UGX. Foreign exchange risk arises from investment in offshore investments and holding foreign currency denominated financial assets.

The fluctuations in currency exchange rates therefore expose the Fund to foreign currency risk. IFRS 7 considers the foreign exposure relating to non–monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Fund has transactional currency exposures that arise 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.

Notes to the Financial Statements (Continued)

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

Description	Kshs	Other currencies Kshs	Total Kshs
At 30 June 2024			
Financial assets			
Investments	332,584,091,915	15,076,821,052	347,660,912,967
Cash	2,200,390,732	-	2,200,390,732
Debtors	8,191,311,181	-	8,191,311,181
Total	**342,975,793,827**	**15,076,821,052**	**358,052,614,879**
Financial liabilities			
Trade and other payables	2,050,536,028	-	2,050,536,028
Borrowings	-	-	-
Total	**2,050,536,028**	**-**	**2,050,536,028**
Net foreign currency asset/(liability)	**340,925,257,799**	**15,076,821,052**	**356,002,078,851**

e) Price risk

The Fund is exposed to securities price risk because of investments in quoted securities classified at fair value through profit or loss. The Fund is also exposed to the risk that the value of debt securities will fluctuate due to changes in market value. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. For equities, the Fund has invested in companies in different sectors of the economy, while for debt securities, the Fund has invested in bonds with varying maturities. Diversification of the portfolio is done in accordance with Fund's investment policy which is approved by the Board of Trustees. Securities held by the Fund are traded on the Nairobi Securities Exchange (NSE) and Uganda Securities Exchange.

f) Liquidity risk

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

The Fund is exposed to daily operational payments and payment to benefit claims payable balances. The Fund is required to make periodic payment in respect of benefit when members exit active employment and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The Fund sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand. The Fund's management monitors the Fund's liquidity on a regular basis and the Board of Trustees review it on a quarterly basis.

Notes to the Financial Statements (Continued)

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

Description	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2024				
Trade payables	332,834,708	-	-	332,834,708
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	110,462,898	-	18,650,964	129,113,862
Total	**443,297,606**	**-**	**18,650,964**	**461,948,570**
At 30 June 2023				
Trade payables	277,177,418	-	-	277,177,418
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	90,964,564	-	-	90,964,564
Total	**368,141,982**	**-**	**-**	**368,141,982**

g) Market risk

The Board of Trustees has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund'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 Fund's Finance and Investment Division 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.

h) 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 Fund's interest-bearing assets are investments in treasury bonds, corporate bonds, treasury bills, commercial paper, fixed

deposits and TPS loans. All of these instruments are at fixed interest rates. The nature of financial instruments held, that is fixed interest instruments, mitigates risk exposure of the Fund. Fluctuations in interest rates will have an insignificant effect on the Fund's financial performance.

Notes to the Financial Statements (Continued)

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 Fund 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.

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 Fund considers relevant and observable market prices in its valuations where possible.

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

At 30 June 2024	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets				
Quoted equities	61,185,359,154	-	-	61,185,359,154
Treasury bonds	253,804,875,051	-	-	253,804,875,051
Eurobonds	7,168,671,038	-	-	7,168,671,038
Corporate bonds	1,723,248,494	-	-	1,723,248,494
Private Equity	4,283,979,503	1,014,665,677	199,486,740	5,498,131,920
Sub total	**328,166,133,240**	**1,014,665,677**	**199,486,740**	**329,380,285,657**
Non- financial assets				
Investment property	-	-	35,389,483,481	35,389,483,481
Sub total	**-**	**-**	**35,389,483,481**	**35,389,483,481**

Total	**328,166,133,240**	**1,014,665,677**	**35,588,970,221**	**364,769,769,138**
At 30 June 2023				
Financial assets				
Quoted equities	52,986,064,443	-	-	52,986,064,443
Treasury bonds	186,564,962,441	-	-	186,564,962,441
Eurobonds	-	-	-	-
Corporate bonds	1,741,965,721	-	-	1,741,965,721
Private Equity		588,424,758	199,486,740	787,911,498
Sub total	**241,292,992,606**	**588,424,758**	**199,486,740**	**242,080,904,104**
Non- financial assets				
Investment property	-	-	35,535,225,456	35,535,225,456
Sub total	**-**	**-**	**35,535,225,456**	**35,535,225,456**
Total	**241,292,992,606**	**588,424,758**	**35,734,712,196**	**277,616,129,560**

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.

41 Incorporation

National Social Security Fund is established under the National Social Security Fund Act Cap 258 and is domiciled in Kenya.

42 Events after the Reporting Period

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

43 Currency

The financial statements are presented in Kenya Shillings (Kshs)

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.

<table>
<tr><th>Reference No. on the external audit Report</th><th>Issue / Observations from Auditor</th><th>Management comments</th><th>Status: (Resolved / Not Resolved)</th><th>Timeframe: (Put a date when you expect the issue to be resolved)</th></tr>
<tr><td>1.</td><td>Non-Performing Investment in Unquoted Equities
The statement of net assets available for benefits reflects unquoted stocks balance of Kshs.787,91 1,498 as disclosed in Note 27 to the financial statements. Review of documents revealed that the Fund held shares worth Kshs.38,428,500 in Consolidated Bank of Kenya whose performance declined by Kshs.209,265,764 as detailed below;

The Fund continues to hold investments with no return by way of dividend or capital appreciation.

In the circumstances, the value for money and fair valuation of the unquoted stocks could not be
<table>
<tr><th>Company</th><th>No. of Shares</th><th>Value as at 30 June, 2023 Kshs.</th><th>Value as at 30 June, 2022 Kshs.</th><th>Decline in Value Kshs.</th></tr>
<tr><td>Consolidated Bank Ord. Shares</td><td>2,225,000</td><td>8,321,500</td><td>86,694,264</td><td>(78,372,764)</td></tr>
<tr><td>Consolidated 4% Cumulative Preference Shares</td><td>8,050,000</td><td>30,107,000</td><td>161,000,000</td><td>(130,893,000)</td></tr>
<tr><td>Total</td><td>10,275,000</td><td>38,428,500</td><td>247,694,264</td><td>209,265,764</td></tr>
</table>
confirmed.</td><td>Not resolved</td><td>Not resolved</td><td>30 June 2025</td></tr>
</table>

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)*
2.	**Investment in Non-Performing Quoted Shares** The statement of net assets available for benefits reflects quoted stocks of Kshs.52,986,064,443 as disclosed in Note 28 to the financial statements. The balance includes shares held in three (3) companies valued at Kshs.170,708,881 as at 30 June, 2023 whose value decreased by Kshs.50,892,593 or (23%) from Kshs.221,601,474 as at 30 June, 2022 as follows:	Not resolved	Not resolved	30 June 2025

Com an	Number of Shares	Share Price as at 36 June 2023 (Kshs.)	Share Price as at 30 June, 2022 (Kshs.)	Decline in Price Per Share (Kshs.)	Decline Value (Kshs.)
East Africa Portland Cement	24,300,000	6.04	8.00	(1.96)	(47,628,000)
Sameer Africa	2,838,776	2.65	3.80	(1.15)	(3,264,592)
Athi River Mining	2 957 500	5.55	5.55		
Total					(50,892,592)

As reported previously, review of status of investment in quoted stocks confirmed that the Fund entered into contractual agreement with six (6) Fund Managers. The Fund Managers were to have full control and unrestricted powers to invest the Fund's money as per investment policy for maximum returns. However, the Fund has continued holding on to the non-performing investments in the three (3) companies.

In the circumstances, the accuracy and fair valuation of quoted investment of Kshs.170,708,881 in three (3) companies could not be confirmed.

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)*
3.	**Long Outstanding Tax Receivables** The statement of net assets available for benefits reflects receivables and prepayments balance of Kshs.6,580,672,946 which as disclosed in Note 23 to the financial statements which includes tax receivables amount of Kshs.938,003,638 relating to tax refund comprising of overpaid tax of Kshs.493,257,328 and Kshs.411,646,389 totalling to Kshs.904,903,717 inadvertently paid to the Kenya Revenue Authority (KRA) in 1997 after the Fund became income tax exempt in 1996. However, the tax refund due from KRA was not supported by acknowledgement from the Authority. Further, the tax receivables balance of Kshs.938,003,638 includes an amount of Kshs.26,605,051 relating to tax on interest earned from bank balances and low interest tax of Kshs.6,494,870 credit which has not been explained. In the circumstances, the recoverability of the tax receivables balance of Kshs.904,903,717 could not be confirmed.	Not resolved	Not resolved	30 June 2025
4.	**Unremitted and Undisclosed Member Contributions** The statement of changes in net assets available for benefits reflects contributions receivable balance of Kshs.26,873,595,651 as disclosed in Note 6 to the financial statements. Review of members' contributions status revealed that an amount of Kshs.9,545,509,225 in respect to long outstanding contributions receivable which comprised of mandatory contributions of Kshs. 1,933,630,444 and outstanding penalties of Kshs.7,611 had not been included in the statements of net assets available for benefits as at 30 June 2023. In the circumstances, the accuracy and completeness of the contributions receivable balance of Kshs.26,873,595,651 could not be confirmed.	Contribution arrears have been included in the financial statement of 2023/2024 financial year	Resolved	
	Basis of Conclusion			
1.	**Delay in Completion of Assets under Construction**			
1.1	**Construction of Boundary Wall at Plot in Bamburi** The statement of net assets available for benefits reflects assets under construction balance of Kshs.39,978,685 as disclosed in Note 30 to the financial statements which includes Kshs.8,624, 178 relating to construction of a boundary wall of a plot in Bamburi at contract price of Kshs. 16,563,900 that was to be completed within eight (8) weeks from 12 March, 2017. The works were suspended due to encroachment by a water pipeline land and underground cables passing	Not resolved	Not resolved	30 June 2025

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)*
	through the land an indication that the Fund had not conducted survey before contract award. The suspension was lifted on 21 March, 2018 but the contractor was unable to complete the work leading to contract termination after 81% of the works had been completed. However, termination letter was provided for audit. The Fund entered into a new contract with another contractor on 28 September, 2020 for completion of the remaining works at a contract price of Kshs.6,233,094 which was to be completed within eight (8) weeks. Documents provided for audit revealed that Kshs.l ,881 ,464 had been paid to the contractor. However, as at the time of the audit in February 2024, the construction of the wall had not been completed, yet Management has not taken any measures to compel the contractor to complete the works or terminate the contract. This was contrary to Section 9 of the contract document which requires that procuring entity may without prejudice to any other remedy accruing to it for breach of contract terminate this agreement in writing in whole or in part if the tenderer fail to perform any other obligation under this agreement. In the circumstances, the value for money spent on the boundary wall could not be confirmed.			
1.2	**Other Assets Under Construction** The statement of net assets available for benefits reflects assets under construction balance of Kshs.39,978,685 as disclosed in Note 30 to the financial statements which includes Kshs. 31 ,354,506 relating to construction of SSH Gym Centre and Bulk filers at a cost of Kshs.6,995,968 and Kshs.24,358,538 respectively. However, the status report on completion were not provided for audit. In the circumstances, the value for money for the expenditure on the projects could not be confirmed.	Gym Centre completed and deployed for use. Report on completion provided to auditors during audit of 2023/2024 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)*
2.0	**Lack Contract for the Provision of Travel Services** Review of documents provided revealed that the Fund entered into a contract with a supplier for provision of travel services on 10 June, 2021, renewable for one-year subject to a maximum of two years and subject to annual appraisal with good performance scores. During the year under review, the contract was renewed for the first year 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.	Resolved	Resolved	

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.

(iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury

.....

Name David Koross

Managing Trustee/CEO

Date

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)*
2.0	**Lack Contract for the Provision of Travel Services** Review of documents provided revealed that the Fund entered into a contract with a supplier for provision of travel services on 10 June, 2021, renewable for one-year subject to a maximum of two years and subject to annual appraisal with good performance scores. During the year under review, the contract was renewed for the first year 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.	Resolved	Resolved	

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.

(iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury

.....

Name David Koross

Managing Trustee/CEO

Date