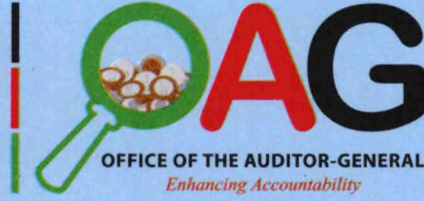


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REPORT

OF

THE AUDITOR-GENERAL

ON

**UNIVERSITY OF NAIROBI PENSION
SCHEME 2007**

**FOR THE YEAR ENDED
30 JUNE, 2025**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 NOV 2025
	DAY: <u>Thursday</u>
TABLED BY:	<u>Hon. Naom Wago mp</u>
	<u>Deputy Majority Party Whip</u>
CLERK-AT THE TABLE:	<u>A. Shibuho</u>



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE
19 SEP 2025
RECEIVED

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30.06.2025

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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UNIVERSITY OF NAIROBI PENSION SCHEME 2007

UNIVERSITY OF NAIROBI PENSION SCHEME 2007 TRUSTEES AND PROFESSIONAL ADVISORS FOR THE YEAR ENDED 30 JUNE 2025

KEY SCHEME INFORMATION

TRUSTEES

Prof. Caren B. Angima	Chairman, Board of Trustees (Re-elected May 2025)
Prof. Margaret Hutchinson	Sponsor Appointed Trustee (Appointed August 2024)
Prof. Joseph Mwaniki	Member elected Trustee for Academic Staff (joined April 2024)
Ms. Sylvia Obulinji	Member elected Trustee for Non-Academic Staff (Joined April 2024)
Mr. Francis Kivindu	Member elected Trustee for Non-Academic Staff (Joined April 2024)
Prof. Stephen G. Kiama	Sponsor Appointed Trustee (Exited August 2024)
Dr. Parmain Narikae	Sponsor Appointed Trustee (Exited May 2025)
Ms. Caren Omwenga	Sponsor Appointed Trustee (Exited May 2025)
Mr. Ahmed Abdullahi	Sponsor Appointed Trustee (Exited May 2025)

ADMINISTRATOR

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

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

CUSTODIAN

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

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

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

The address of the registered office is:	Unipen Apartments, 3 rd Floor Hurlingham Shopping Centre P.O.Box 30197-00100, Nairobi
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UNIVERSITY OF NAIROBI PENSION SCHEME 2007

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30TH JUNE 2025

The Trustees present their annual report together with the audited financial statements for the year ended 30 June 2025.

ESTABLISHMENT, NATURE, AND STATUS OF THE FUND

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

The Scheme is an active Scheme.

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

PRINCIPAL ACTIVITY

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

CONTRIBUTIONS

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

MEMBERSHIP

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

	Active	Deferred	Trust Fund	Total Current Year	Total previous year
At the start of the year	2,638	175	83	2,897	2,752
Joiners	260	37	11	308	36
Less: Leavers	(112)	(23)	(15)	(150)	(150)
At the end of the year	2,266	189	79	3,055	2,638

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2025

FINANCIAL REVIEW

The statement of changes in net assets available for benefits on page 16 shows an increase in the net assets of the Scheme for the year of Kshs. 4,321,712,000 {2024: Kshs. (1,478,159,000)} and the statement of net assets available for benefits on page 17 shows the Scheme's net assets as Kshs 26,640,707,000 {2024: Kshs 22,318,995,000}.

The Scheme earned an average gross rate of return of 29.80% market value and 20.75% amortized value from scheme investments and a gross return of 7% from the investment in properties for the year ended 30 June 2025.

INVESTMENT OF FUNDS AND INVESTMENT STRATEGY

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

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

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

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

The Scheme investments for the year ended 30.06.2025 were done in accordance with the broad investment guidelines issued by Retirement Benefits Authority (RBA) as shown here below:

	ASSET CLASS	AMOUNT (KSHS)	% OF PORTFOLIO	RBA MAX. LIMITS
1	Cash and Demand Deposits	85,000,000	0.46%	5%
2	Fixed Deposits	1,300,459,000	6.97%	30%
3	Listed Corporate Bonds,	4,730,000	0.03%	20%
4	East African Government Securities and infrastructure bonds issued by public institutions and Exchange Traded Funds	12,552,086,000	67.28%	90%
5	Preference shares and ordinary shares of companies quoted in a stock exchange in East Africa	2,493,209,000	13.36%	70%

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

ASSET CLASS		AMOUNT (KSHS)	% OF PORTFOLIO	RBA MAX. LIMITS
6	Unlisted shares and equity instruments of companies incorporated in Kenya	20,664,000	0.11%	5%
7	Offshore investments	425,774,000	2.28%	15%
8	Immovable property in Kenya, Property Funds Unit Trust Schemes and Collective Investment Schemes approved by Capital Market Authority	1,775,000,000	9.51%	30
TOTAL PORTFOLIO VALUE		18,656,922,000	100%	100%

There were no breaches during the year.

TRUSTEES

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

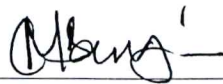
AUDITOR

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

SIGNED ON BEHALF OF THE TRUSTEES

The Trustees' report was approved by the Trustees on 7th August 2025 and signed on their behalf by: -

FOR THE TRUSTEES



PROF. CAREN B. ANGIMA

17/9/25

DATE

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2025

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

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

The Trustees are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended on 30 June 2025. This responsibility includes:

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

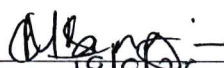
The Trustees responsibility for the *Scheme's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement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

The Trustees are of the opinion that the *Scheme's* financial statements give a true and fair view of the state of *Scheme's* transactions during the financial year ended 30 JUNE 2025, and of the *Scheme's* financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the *Scheme*, which have been relied upon in the preparation of the *Scheme's* financial statements as well as the adequacy of the systems of internal financial control.


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

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

The Scheme's financial statements were approved by the Board of Trustees on 7th August 2025 and signed on its behalf by: -

Signature: 
Date: 19/9/25

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

Signature: 
Date: 19/9/2025

Name: Prof. Margaret Hutchinson
Designation: Trustee

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

SCHEME GOVERNANCE DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2025

1. Trustees in office.

Name of Trustee	Age	Category (Member elected/Sponsor Nominated/Professional)	No. of meetings attended	Certified (Yes/No)	Highest Qualification	Membership of other boards (Provide Organization's name)
Prof. Caren Angima	Above 35 yrs	Member Elected	6	Yes	PhD	NO
Prof. Margaret Hutchinson	Above 35 yrs	Sponsor nominated	10	No	PhD	NO
Prof. Stephen Kiama	Above 35 yrs	Sponsor nominated	3	No	PhD	NO
Dr. Parmain Narikae	Above 35 yrs	Sponsor nominated	13	Yes	PhD	NO
Ms. Caren Omwenga	Above 35 yrs	Sponsor nominated	14	Yes	Masters	YES, UNES
Mr. Ahmed Abdullahi	Above 35 yrs	Sponsor nominated	16	Yes	Masters	YES, UNES
Prof. Joseph Mwaniki	Above 35 yrs	Member Elected	15	Yes	PhD	NO
Ms. Sylvia Obulinji	Above 35 yrs	Member Elected	16	Yes	Masters	NO
Mr. Francis Kivindu	Above 35 yrs	Member Elected	16	Yes	Masters	NO

2. The Board of Trustees held six (6) meetings during the year ending 30.06.2025

The meetings were held on the dates set out hereunder:

- a) 29.07.2024
- b) 14.08.2024
- c) 12.11.2024
- d) 28.11.2024
- e) 13.02.2025
- f) 15.05.2025

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

- a) Gender balance:
Female50%
Male50%
- b) Skills mix: Number of Trustees with financial skills: Two (2)
- c) Age mix:
Number of Trustees who are younger than 35 years: NONE
Number of Trustees who are older than 35 years: Eight (8)

4. Committees of the board

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

Committee	Members	No. of meetings attended	Allowances paid (Kshs.)	Any external allowances paid to advisors, invitees to meetings? (Yes/No). If yes, mention the purpose	Allowances paid to advisors, invitees (Kshs.)
Finance and Investment Committee	• Prof.Hutchinson	3	60,000.00	-	-
	• Dr. Parmain	3	60,000.00	-	-
	• Ms. Omwenga	4	80,000.00	-	-
	• Prof. Mwaniki	4	80,000.00	-	-
	• Mr. Kivindu	4	80,000.00	-	-
	•			-	-
	•			-	-
	Service Providers	4	N/A	To give quarterly reports	No allowance paid
Audit and Risk Committee	• Ms. Omwenga	4	80,000.00	-	-
	• Mr. Ahmed	4	80,000.00	-	-
	• Prof. Mwaniki	4	80,000.00	-	-
	• Ms. Obulinji	4	80,000.00	-	-
	• Prof.Hutchinson	1	20,000.00	-	-
	• Outsourced Internal Auditor	4	N/A	No allowance paid	N/A
Administration and Communication committee	• Prof. Hutchinson	2	40,000.00	-	-
	• Dr. Parmain	5	110,000.00	-	-
	• Mr. Ahmed	6	120,000.00	-	-
	• Prof Kiama	2	40,000.00	-	-
	• Mr. Kivindu	6	120,000.00	-	-
	• Prof. Mwaniki	1	20,000.00	-	-
	• Ms. Obulinji	6	120,000.00	-	-
Shortlisting	• Prof. Mwaniki	4	42,855.00	-	-
AGM	• Prof. Angima	1	40,000.00		
	• Prof Hutchinson	1	25,000.00		
	• Dr. Parmain	1	25,000.00		
	• Ms. Omwenga	1	25,000.00	-	-
	• Prof. Mwaniki	1	25,000.00		
	• Mr. Ahmed	1	25,000.00	-	-
	• Ms. Obulinji	1	25,000.00	-	-
	• Mr. Kivindu	1	25,000.00		
Full Board of Trustees	• Prof. Angima	5	200,000.00	-	-
	• Prof. Hutchinson	3	75,000.00	-	-
	• Dr. Parmain	4	100,000.00	-	-
	• Ms. Omwenga	5	125,000.00	-	-

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

	• Mr. Ahmed	5	125,000.00	-	-
	• Prof. Mwaniki	5	125,000.00	-	-
	• Ms. Obulinji	5	125,000.00	-	-
	• Mr. Kivindu	5	125,000.00	-	-
	• Prof. Kiama	1	25,000.00	-	-
	•			-	-
	•			-	-
	Service Providers	N/A	N/A	To give quarterly reports	No allowance paid
Consultancies				Consultants	
TOTAL			2,552,855.00		

5. Fiduciary responsibility statement

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

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

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

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

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

The Scheme has a Board Charter in place.

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

6. Implementation of the Good Governance Guidelines Policies

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

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

7. Responsible corporate citizenship

The scheme has participated in socially responsible investments and operations and has not been involved in any activity that may undermine the well-being of the sponsor, members, or the community in which it operates. By cutting down on paper use, the Fund reduces its carbon footprint and advances its commitment to sustainable ESG practices.

8. Key outcomes

The Board of Trustees seeks to achieve the following:

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

9. Annual General Meeting (AGM)

The Board of Trustees held the annual general meeting on the 28.11.2024, at which 747 members attended, making up 27% of scheme members. The board adequately addressed the members' concerns.

10. Members' sensitization

The board conducted the following activities	Date held	No. of members who attended	Remarks
Hybrid Annual General Meeting	28.11.2024	747 members	The feedback received reflected that members were satisfied
Online members financial literacy conducted by OMIG	26.06.2025	130 members	The feedback received reflected that members were satisfied
Physical Members' education day	30 th June 2025	93 members	This was done physically and all attendees were satisfied with the presentation and the shared documents.


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

11. Trustees remuneration policy

During the year under review, the Trustees were paid a gross sum of Kshs. 2,552,855.00 which was approved by members at the annual general meeting held on the 30.11.2023. The payments complied with the scheme's Trustees remuneration policy.

12. Board of Trustees evaluation

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

Signed.....

PROF. CAREN B. ANGIMA
CHAIRMAN, BOARD OF TRUSTEES
 Dated19/11/25.....

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI PENSION SCHEME 2007 FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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

Qualified Opinion

I have audited the accompanying financial statements of University of Nairobi Pension Scheme 2007 set out on pages 15 to 38, which comprise of the statement of net assets

available for benefits as at 30 June, 2025 and the statement of changes in net assets available for benefits, statement of change in member's fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the University of Nairobi Pension Scheme 2007 as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000, and the Retirement Benefits Act, 1997 (Revised 2020).

Basis for Qualified Opinion

1. Unremitted Long Outstanding Pension Contributions

The statement of net assets available for benefits reflects contributions receivables balance of Kshs.8,702,628,000 as disclosed in Note 18 to the financial statements, which relates to outstanding contributions owed by the Scheme sponsor. As reported in the previous years, the contributions owed date back to November, 2016. The outstanding contributions increased by Kshs.1,479,127,000 from the previous year's balance of Kshs.7,223,501,000. Further, review of Board of Trust minutes for the meeting held on 15 May, 2025 revealed that, the Retirement Benefit Authority (RBA) received a remedial plan from the University of Nairobi Council, but declined to approve it. RBA requested the Sponsor to consult the Board of Trustees in preparation of the remedial plan and to ensure that the interest rate is as per the RBA recommendations. However, at the time of audit in September, 2025, no further communication from the Sponsor was provided for audit review.

In addition, it was noted that the valuation of contributions receivable from the Sponsor has not been done in accordance with the International Financial Reporting Standards (IFRS) 9 as no provision for Expected Credit Loss (ECL) has been made.

In the circumstances, it was not possible to confirm the regularity and valuation of the long outstanding contributions of Kshs.8,702,628,000 from the University of Nairobi.

2. Long Outstanding Rent Arrears

The statement of net assets available for benefits reflects other receivables and accrued income balance of Kshs.123,726,000 as disclosed in Note 19 to the financial statements. Included in the amount are accrued income of Kshs.102,878,000 and Kshs.5,310,000 in respect of rent arrears from Ambank House and Unipen Apartments respectively. The aging analysis provided show that a total of Kshs.110,395,505 in respect of the rent arrears or 98% are more than 60 days old.

In the circumstances, the recoverability of other receivables and accrued income balance of Kshs.123,726,000 remain doubtful.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during the audit of the University of Nairobi Pension Scheme 2007 in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unremitted Long Outstanding Pension Contributions – Kshs.7,223,501,000
2	2023/2024	Long Outstanding Rent Arrears – Kshs.90,836,336
3	2023/2024	Delay in Installation of a Pension Administrative Software
4	2023/2024	Unquoted Shares – Kshs.20,664,000
6	2023-2024	Failure to formulate and Implement Internal Controls Systems

Other Information

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

In connection with my audit on the University of Nairobi Pension Scheme 2007 financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or

my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

Basis for Conclusion

1. Intangible Assets - Delay in Installation of a Pension Administrative Software

As previously reported, the Scheme entered into an agreement with a local contractor for the supply, delivery, installation, implementation, user training, support and commissioning of the Pension Administration Enterprise Resource Planning System at a contract sum of Kshs.13,359,789 on 17 October, 2022 with a total of Kshs.2,963,588 paid in the year under review. The implementation duration was to be for a period of six (6) months upon signing of the contract. However, the project status reports, follow up and inspection minutes and the contract agreement were not provided for audit verification. In addition, the Scheme had in 2018 entered into a similar contract where Kshs.7,162,000 had been paid to a contractor for provision of a software which was not implemented. Available information indicates that the contract has since been terminated by the Scheme and the contractor has sought out of Court settlement.

In the circumstances, it was not possible to determine whether the Scheme received value for money on the expenditure of Kshs.7,162,000 incurred on the terminated contract and Kshs.5,635,525 incurred to date on the pension software under the new contract.

2. Lack of Transfer of Investment Income Generated from Ambank House and UNIPEN Apartments

Review of the two (2) local bank accounts monthly bank statements for the period 1 July, 2024 to 31 May, 2025 revealed that the Scheme's buildings managing agent, failed to transfer to the landlord or pay over to the owner, an undetermined amount of investment income from rental properties for various months. This was contrary to paragraph 12 on Payments to the Owner, of the Agency agreement with the Scheme's buildings managing

agent for property management which states that the Agent shall account to the owner on quarterly basis or period otherwise agreed and shall pay over to the owner at the end of each month the balance owing to the owner after deduction of commission fees, expenses and other charges and costs from the rentals received by the Agent on behalf of the Owner.

In the circumstances, Management was breach of the agreement.

3. Irregular Extension of Service Contracts

The Scheme entered into contracts with various service providers on various dates between 2019 and 2020. Review of contract documents provided revealed that the Scheme has been annually extending these contracts for the subsequent years without seeking fresh advertisements for fair competitions contrary Section 103(1) of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use direct procurement as allowed under sub-section (2) as long as the purpose is not to avoid competition.

Company	Nature of Service	Contract Period	Date Contract was Signed
A	Property Management	1 year	18 March, 2019
B	Funds Custody Services	1 year	23 January, 2020
C	Fund Management Services	1 Year	01 January, 2020
D	Fund Management Services	1 Year	01 January, 2020
E	Actuarial Consultancy Services	1 Year	01 January, 2020

Further, the contract with the Scheme's buildings managing agent was signed on 18 March, 2019 before the services were advertised contrary to the Public Procurement and Asset Disposal Act, 2015. In addition, the last contracts extension was done in January, 2025 for one year period despite the fact that the actuarial performance review for the quarter ending March, 2025 indicated that the Company contracted under-performed the 75th percentile return on similar Schemes by 0.9% as reported in the trustees quarterly meeting held on 15 May, 2025.

In the circumstances, Management was breach of the law.

4. Gaps in Governance and Compliance

The statement of changes in net assets available for benefits reflects administrative expenses totalling Kshs.36,390,000 which includes a total of Ksh.9,083,000 being Board of Trustees' expenses as disclosed in Note 13 to the financial statements. However, as at the close of the financial year, two (2) trustees of the Scheme had not attained the required certification from Trustee Development Programme Kenya Training as required by the Retirement Benefits Authority. Further, it was noted that the Board or individual performance evaluation was not carried out during the year.

In the circumstances, Management was 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 overall governance were not effective.

Basis for Conclusion

1. Gaps in Seminars and Training Expenses

The statement of changes in net assets available for benefits reflects administrative expenses of Kshs.36,390,000. Included in the amount is seminars and training expenses of Kshs.2,470,000 as disclosed in Note 13 to the financial statements. Audit review sampled payment vouchers amounting to Kshs.1,097,600 revealed that the following records were not provided in relation to seminars and training expenses;

- i. Travel advance requisition forms.
- ii. Advance accounting forms, to account for travel advance.
- iii. The updated imprest ledger.
- iv. Documentation to account for air travel were not accompanied by boarding passes as proof of travel.
- v. Signed attendance sheets for conferences, seminars and trainings were.

Management failed to fully implement Section 8.3.1 of the Finance Management Manual which requires the applicants complete and sign a travel advance requisition form either for travel on the UNPS assignment, conferences and meetings.

2. Use of Unapproved ICT Policy

Review of the Scheme policy documents revealed that the Scheme is operating with an unapproved ICT policy. The ICT policy which gives the employees clear guidelines on the appropriate use, management and the protection of the Pensions IT communication systems.

In the circumstances, the Scheme faces the risks of inefficient resource management and increased security vulnerabilities.

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

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

Responsibilities of Management and the Board of Trustees

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

23 October, 2025

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 30 JUNE 2025

	Note	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
Contributions & benefits			
Contributions	4	1,306,858	1,209,620
Transfers in from other schemes	5(a)	-	401
Transfers out to other schemes	5(b)	(19,849)	(4,294)
Benefits paid	6	(1,340,146)	(1,625,764)
A) .Net additions/(withdrawals) from dealings with members		(53,137)	(420,036)
Returns on Investments			
Investment income	7	1,825,628	1,569,026
Gains on disposal of investments	8	152,804	-
Change in fair value of investments	9	2,029,129	242,405
Less: Investment management expenses	10	(43,720)	(38,101)
B). Gross return on investments		3,963,841	1,773,330
Other Incomes			
Interest on contributions receivables	11	576,147	288,475
Other Income	12	-	711
C). Total Other Incomes		576,147	289,186
Expenditures			
Administrative expenses	13	(36,390)	(35,941)
Tax expense on the non- exempt fund	14	(128,393)	(128,045)
Depreciation - Property , Plant and Equipment	15	(356)	(335)
D). Total Expenditures		(165,139)	(164,321)
E). Net return on investments (B+C-D)		4,374,849	1,898,195
Increase in net assets for the year (A+E)		4,321,712	1,478,159
Net assets available for benefits at the start of the year		22,318,995	20,840,836
Net assets available for benefits at the end of the year		26,640,707	22,318,995

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT YEAR END 30 JUNE 2025

	Note	30.06.25	30.06.24
		Kshs'000'	Kshs'000'
Non- Current Assets			
Equipment (PPE)	15	1,783	1,843
Intangible Assets	16	13,360	13,360
		15,143	15,203
Investments			
Immovable property		1,775,000	1,775,000
Quoted Shares		2,493,209	2,942,995
Unquoted Shares	17	20,664	20,664
Treasury Bonds		12,433,933	9,166,470
Treasury Bills		118,153	12,949
Corporate Bonds		4,730	4,730
Offshore Investments		425,774	586,726
Fixed and time deposits		1,385,459	1,133,000
Total Investments		18,656,922	15,642,534
Current assets			
Contributions receivables	18	8,702,628	7,223,501
Other receivables and accrued income	19	123,726	194,754
Cash at bank & hand	20	4,279	36,960
Total current assets		8,830,633	7,455,215
Less: Current Liabilities			
Other deposits	21	0	0
Benefits Payable	22	(529,588)	(557,478)
Death in service Trust Fund	23	(178,465)	(143,059)
Death Fund Reserve Account	24	(46,567)	(17,434)
Other payables and accrued expenses	25	(107,371)	(75,986)
Total current liabilities		(861,991)	(793,957)
Net current assets/liabilities		7,968,642	6,661,258
Net assets available for benefits		26,640,707	22,318,995

The financial statements on pages 16 to 39 were approved for issue in a Board of Trustees meeting held on 7th August 2025 and signed on its behalf by: -



PROF. CAREN B. ANGIMA
CHAIRMAN, BOARD OF TRUSTEES



PROF. MARGARET HUTCHINSON
TRUSTEE

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

STATEMENT OF CHANGE IN MEMBER'S FUND

	30.06.2025	30.06.2024
	Kshs."000"	Kshs."000"
Opening balance as at	22,318,995	20,840,836
Net (withdrawals) from dealings with members	(33,288)	(416,143)
Net return on investments	4,374,849	1,898,195
Transfers in	-	401
Transfers out	(19,849)	(4,294)
Closing balance	26,640,707	22,318,995

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30.06.2025

	30.06.25	30.06.24
	Kshs."000"	Kshs."000"
Cash flows from operating activities: -		
Contributions received	403,878	435,466
Transfers in from other schemes	0	401
Transfer out	(19,849)	(4,294)
Other income	0	711
Benefits Paid	(1,178,633)	(1,423,984)
Trust fund death benefits paid	(18,027)	(38,497)
Administrative expenses	(47,823)	(38,864)
Interest paid to members	(106,837)	(75,218)
Tax paid in the year	(108,828)	(116,249)
Net cash from operations of the fund	(1,076,119)	(1,260,528)
Cash flows from investing activities: -		
Investment income received	1,923,536	1,567,579
Investment management expenses paid	(47,347)	(39,495)
Purchase of quoted shares	(8,989)	-
Purchase of Treasury Bonds	(4,577,800)	(941,922)
Purchase of treasury bills	(118,153)	(12,949)
Purchase of offshore investments	0	(68,286)
Sale of quoted equities	1,214,820	584,756
Sale/maturity of treasury bonds	2,681,811	472,450
Sale of Treasury Bills	12,949	-
Sale of Offshore Investments	215,366	-
Purchase of Property, Plant and Equipment	(296)	-
Net Cash used in investing activities	1,295,897	1,562,133
Increase/(decrease) in cash and cash equivalents	219,778	301,605
Movement in cash and cash equivalents		
Cash and cash equivalents at the start of the year	1,169,960	868,355
Increase/(decrease) in cash and cash equivalents	219,778	301,605
Cash and cash equivalents at the end of the year	1,389,738	1,169,960

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation of financial statements

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

b) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the Kenyan Retirement Benefits Act 1997. The financial statements summarize the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year.

c) Changes in accounting policies and disclosures on new standards

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

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

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

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

d) Revenue from contracts with customers (IFRS 15)

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025(continued)

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

Contributions

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

Investment income

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

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

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

Rent income

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

Other income

Other income is recognized as it accrues.

e) Benefits payable

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

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

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to gain or loss in the statement of changes in net assets. 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 gains or loss in the statement of changes in net assets.

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

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

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

Leases under which the scheme is the lessee

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

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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

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

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

Leases under which the Scheme is the lessor

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

h) Intangible assets (IAS 38 : Intangible Assets)

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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

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

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

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

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

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

i) Investment Properties (IAS 40: Investment Property)

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

j) Financial Instruments (IFRS 9: Financial Instruments)

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

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

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

Impairment of financial assets

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

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

k) Taxation

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

l) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Kenya Shillings at rates of exchange ruling at the end of each reporting period. Transactions during the year in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets. The USD used as at 30th June 2025 was Kshs.129.23 and the EUR rate is Kshs. 152.17

m) Cash and cash equivalents

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

n) Events after the reporting period

There were no events after reporting date 30.06.2025.

o) Contingent liabilities and provisions

There were no contingent liabilities as at 30.06.2025

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025(continued)

Measurement of the expected credit loss allowance (IFRS 9)

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

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

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

3. FINANCIAL RISK MANAGEMENT (IFRS 7)

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

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

Foreign exchange risk

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

The Fund's currency risk is ranked as low because the Fund has divested from offshore investments. A 10% strengthening of the Kenya Shilling against major foreign currencies would reduce the Fund's net assets by approximately 42,566,000. Conversely, a 10% weakening of the Kenya Shilling would increase the Fund's net assets by the same amounts. This analysis assumes that all other variables remain constant.

Price risk

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

As at 30.06.2025, if the price of securities were to appreciate/depreciate by ...% with all other variables held constant, returns from investment for the year would have been

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

Interest rate risk

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

Credit risk

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

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks, and receivables. As part of the credit risk management system, the Investment Manager and the Trustees monitor and review

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

Information on significant investments. The Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record.

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

	Up to 3 Months	4-12 Months	1-5 Years	Over 5 years	Total
30.06.2025	Months	Months	Years	5 years	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
Government securities	189,130	231,774	2,897,732	9,233,450	12,552,086
Corporate bonds		4,730			4,730
Fixed and term deposits	1,385,459				1,385,459
Bank balance	4,279				4,249
TOTAL	1,578,868	236,504	2,897,732	9,233,450	13,946,524

Impairment of financial assets

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

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

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

UNIVERSITY OF NAIROBI PENSION SCHEME 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Expected Credit Loss (ECL) on rental income

The Pension Scheme recognizes rent receivables at amortized cost and applies the simplified approach under IFRS 9 to measure expected credit losses (ECL), requiring lifetime ECL to be recognized from initial recognition. The provision for impairment is determined using a provision matrix based on historical default rates, adjusted for current and forward-looking information such as economic factors. As at 30th June 2025, the loss allowance for rent receivables amounted to **Kes. 55,409,492** (prior year: Nil) with movements during the year comprising increases recognized in profit or loss, write-offs of irrecoverable balances, and any subsequent recoveries. Rent receivables are written off when there is no reasonable expectation of recovery, for example, in cases of tenant insolvency or lease termination.

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

4	Contributions received	30.06.2025	30.06.2024
		Kshs'000	Kshs'000
	From Employer:		
	Normal (20%)	867,476	802,557
	From members:		
	Normal (10%)	433,738	401,278
	Additional Voluntary	5,644	5,785
	Total	1,306,858	1,209,620

5	Transfers in and out	30.06.2025	30.06.2024
		Kshs'000	Kshs'000
a)	Transfer in		
	Individual transfers in from other schemes	-	401
	Total	-	401
b)	Transfer out		
	Individual transfers out from other schemes	(19,849)	(4,294)
	Total	(19,849)	(4,294)

6	Benefits Paid	30.06.2025	30.06.2024
		Kshs'000	Kshs'000
	Benefits paid:		
	Commutation and lumpsum retirement	(1,028,657)	(1,282,302)
	Death in service fund credit	(94,081)	(187,269)
	Withdrawals	(28,005)	(66,001)
		(1,150,743)	(1,535,572)
	Transfer to Death Trust Fund	(82,566)	(14,974)
	Interest on deferred benefits and contributions refunds	(106,837)	(75,218)
		(1,340,146)	(1,625,764)

7	Investment Income	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Net Rent from Ambank House	19,435	71,024
	Net Rent from Unipen Apartments	14,616	14,156
	Dividends from Quoted Shares	250,813	213,557
	Interest on Treasury Bills	14,229	967
	Interest and discount on Treasury Bonds	1,387,389	1,147,150
	Interest on Corporate Bonds	579	582
	Interest on Fixed and call Deposits	138,567	130,763
	Loss on sale of USD call	0	(9,173)
	Total	1,825,628	1,569,026

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

8	Gain/loss on disposal of investments	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Gain on disposal of Quoted Shares	11,039	-
	(Loss) on disposal of Government Securities	132,034	-
	Gain on sale of offshore	9,731	
		152,804	

9	Change in fair value of investments	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Change in fair value of offshore investments	44,683	36,107
	Change in fair value of equities investments	745,006	164,279
	Change in fair value of government securities	1,239,440	(22,981)
	Revaluation of property	-	65,000
		2,029,129	242,405

10	Investment management expenses	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Investment Manager:		
a)	GenAfrica Asset Managers	(15,290)	(13,181)
b)	Old Mutual Investment Group	(14,364)	(12,772)
	Custodian:		
c)	Standard Chartered Bank	(14,066)	(12,148)
		(43,720)	(38,101)

11	Interest on contributions receivables	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Interest on outstanding contributions	576,147	288,475
		576,147	288,475
	<p><i>*Under the Trust Deed and Rules of UNIVERSITY OF NAIROBI PENSION SCHEME 2007, the sponsor is required to settle outstanding contributions at an interest rate of equivalent to the rate of return declared to members in a particular year.</i></p>		

12	Other Income	30.06.2025	30.06.2024
		Kshs'000'	Kshs'000'
	Dividend Kenya Finance Bank	-	711
		-	711

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2025 (continued)

13	Administrative expenses	30.06.2025	30.06.2024
		Kshs. '000'	Kshs. '000'
a)	Board of Trustees' expenses:		
	As trustees		
	Sitting allowances	2,553	2,407
	Seminars and training expenses	2,470	3,304
	Indemnity cover	2,827	-
	AGM allowances		183
	Meeting expenses	103	60
	Transport/internet bundle allowance	688	435
	Tablets	442	
		9,083	6,389
b)	Staff Costs		
	Salaries & Benefits	14,718	15,105
	Medical	463	789
		15,181	15,894
c)	Administration Expenses		
	Audit fees	1,160	1,160
	Actuarial Fees	1,320	1,260
	Legal fees	66	200
	Professional fees	732	978
	Advertising	89	292
	Sitting allowances to professional	366	242
	RBA levy	5,000	5,000
	Seminars & Training	1,507	624
	Bank charges	188	185
	Stationery	64	104
	AGM expenses	26	111
	Hosting virtual server	1,018	1,115
	Insurance	125	46
	Motor Vehicle running expenses	25	122
	Telephone expenses	79	76
	Office expenses	116	166
	Election expenses	150	459
	Loss on disposal of assets	0	311
	Valuation fees	0	1,160
	Subscription	47	47
	Software expenses	48	-
		12,126	13,658
	Total Administrative Expenses	36,390	35,941

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

14	Tax expense on the non- exempt fund	30.06.2025	30.06.2024
		Kshs. '000'	Kshs. '000'
a)	Income tax expenses		
	Total investment income	1,501,298	1,622,927
	Income exempt from tax	(1,051,031)	(1,231,312)
	Taxable income	450,267	391,615
	Tax charged @ 30%	135,080	117,484
			-
	Tax payable in the year	135,080	128,045
b)	Income tax payable		
	Balance brought forward	14,205	2,409
	Taxation payable in the year	135,080	128,045
	Payments during the period	(115,515)	(116,249)
	Balance carried forward	33,770	14,205

15 Property, Plant and Equipment

	Motor Vehicle	Furniture and Equipment	Computer and Accessories	Total
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
COST				
As at 01.07.2024	2,608	5,111	3,594	11,313
Additions	-	-	296	296
As at 30.06.2025	<u>2,608</u>	<u>5,111</u>	<u>3,890</u>	<u>11,609</u>
DEPRECIATION				
As at 01.07.2024	2,497	3,711	3,262	9,470
Charge for the year	28	139	189	356
As at 30.06.2025	2,525	3,850	3,451	9,826
NET BOOK VALUE				
As at 30.06.2025	<u>83</u>	<u>1,261</u>	<u>439</u>	<u>1,783</u>
As at 30.06.2024	<u>111</u>	<u>1,400</u>	<u>332</u>	<u>1,843</u>
2023/2024 COMPARISON				
COST	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
As at 01.07.2023	2,608	6,317	5,089	14,014
Disposal	-	(1,206)	(1,495)	(2,701)
As at 30.06.2024	<u>2,608</u>	<u>5,111</u>	<u>3,594</u>	<u>14,014</u>
DEPRECIATION				
As at 01.07.2023	2,460	4,485	4,580	11,525
Disposal	-	(930)	(1,460)	(2,390)
Charge for the year	37	156	142	335
As at 30.06.2024	2,497	3,711	3,262	9,470
NET BOOK VALUE				
As at 30.06.2025	<u>83</u>	<u>1,262</u>	<u>439</u>	<u>1,784</u>
As at 30.06.2024	<u>111</u>	<u>1,400</u>	<u>332</u>	<u>1,843</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025**

16	Intangible Assets	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	Cost		
	Pension Administration Software	13,360	13,360
	Amortization		
	Amortization of Intangible Assets	-	-
	Net Book Value		
	As at 30.06.2025	13,360	13,360

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

17. INVESTMENTS

Investments at fair value and amortized cost

Year ended 30 JUNE 2025	Value as at 01.07.2024 Kshs.'000'	Additions at cost Kshs.'000'	Disposal proceeds Kshs.'000'	Gain/Loss on disposal Kshs.'000'	Fair value change Kshs.'000'	Value as at 30.06.2025 Kshs.'000'
Immovable property	1,775,000	-	-	-	-	1,775,000
Quoted Shares	2,942,995	8,989	(1,214,820)	11,039	745,006	2,493,209
Unquoted Shares	20,664	-	-	-	-	20,664
Treasury Bonds	9,166,470	4,577,800	(2,681,811)	132,034	1,239,440	12,433,933
Treasury Bills	12,949	118,153	(12,949)	-	-	118,153
Corporate Bonds	4,730	-	-	-	-	4,730
Offshore Investments	586,726	0	(215,366)	-	54,414	425,774
	14,509,534	4,704,942	(4,124,946)	143,073	2,038,860	17,271,463
Fixed and time deposits	1,133,000	13,677,959	(13,425,500)	-	-	1,385,459
TOTAL	15,642,534	18,382,901	(17,550,446)	143,073	2,038,864	18,656,922

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

Year ended 30 June 2024	Value as at 01.07.2023 Kshs.'000'	Additions at cost Kshs.'000'	Disposal proceeds Kshs.'000'	Gain/Loss on disposal Kshs.'000'	Fair value change Kshs.'000'	Value as at 30.06.2024 Kshs.'000'
Immovable property	1,710,000	-	-	-	65,000	1,775,000
Quoted Shares	3,363,474	-	(584,756)	-	164,279	2,942,995
Unquoted Shares	20,664	-	-	-	-	20,664
Treasury Bonds	8,719,979	941,922	(472,450)	-	(22,981)	9,166,470
Treasury Bills	-	12,949	-	-	-	12,949
Corporate Bonds	4,730	-	-	-	-	4,730
Offshore Investments	482,333	68,286	-	-	36,107	586,726
	14,301,180	-	-	-	-	14,509,534
Fixed and time deposits	999,450	133,350	-	-	-	1,133,000
	15,300,630	1,156,707	(1,057,206)	-	242,405	15,642,534

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

18	Contributions Receivables	30.06.2025	30.06.2024
		Kshs. '000'	Kshs. '000'
	Outstanding for more than 30 days	8,126,482	6,935,026
	Interest on contributions receivables	576,146	288,475
		8,702,628	7,223,501

The Sponsor prepared a remedial plan on 2nd May 2025 which was approved by RBA on 30th June 2025. The remedial plan is to start in the month of July 2025 for a period of six years to June 2031.

19	Other receivables and accrued income	30.06.2025	30.06.2024
		Kshs. '000'	Kshs. '000'
	Water deposit	4	4
	Garbage deposit	5	5
	Electricity deposit	201	201
	Accrued interest income	15,233	9,508
	Accrued dividends	22,819	52,965
	Knight Frank Control Account	9,900	(6,997)
	Rent Arrears-Ambank House	102,878	111,307
	Provision for ECL	(55,410)	-
	Rent Arrears-Unipen Apartments	5,310	4,975
	Bad debts provision-Ambank House	21,604	21,604
	Bad debts provision-Unipen Apartments	1,182	1,182
		123,726	194,754

20	Cash at bank & hand	30.06.2025	30.06.2024
		Kshs. '000'	Kshs. '000'
	Bank balances		
	Absa Current Account	2,892	36,219
	Standard Chartered-Gen Africa Account	1,347	712
	Standard Chartered-OMIG Account	40	29
		4,279	36,960

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

	30.06.2025	30.06.2024
	Kshs. '000'	Kshs. '000'
Cash and Bank balances	4,279	36,960
Fixed and time deposits maturing within 90 days	1,385,459	1,133,000
Cash and cash equivalents	1,389,738	1,169,960

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

21	Other deposits	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	Imperial Bank	30,835	30,835
	Bad debt-Imperial Bank	(30,835)	(30,835)
	Kenya Finance Bank	43,412	43,412
	Bad debt-Kenya Finance Bank	(43,412)	(43,412)
	Chase Bank	15,000	15,000
	Bad debt-Chase Bank	(15,000)	(15,000)
	Total	-	-

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

22	Benefits Payable	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	Retirement	204,157	219,088
	Death Fund Credit	148,186	165,675
	Deferred withdrawals	177,245	172,715
	Mortgage payouts	-	-
		529,588	557,478

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

	<=2 years	>2 years	Total
	Kshs.'000'	Kshs.'000'	Kshs.'000'
Retirement	144,056	60,101	204,157
Death Fund credit	89,938	58,248	148,186
Deferred withdrawals	13,807	163,438	177,245
Mortgage payouts	-	-	-

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

23	Death in service Trust Fund	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	Death in service Lumpsum Trust Fund	178,465	143,059

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

24	Death Fund Reserve Account	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	Balance b/fwd	17,434	85,026
	Transfer for the year from members fund	82,566	14,974
	Payments made during the year	(53,433)	(82,566)
	Balance carried forward	46,567	17,434

25	Other payables and accrued expenses	30.06.2025	30.06.2024
		Kshs.'000'	Kshs.'000'
	RBA Levy	5,000	5,000
	Provision for Audit fees	1,160	1,160
	Standard Chartered Custody fees	1,323	3,179
	GenAfrica Fund management fees	4,183	4,414
	Old Mutual fund management fees	1,362	2,902
	Zamara Actuarial fees	345	315
	Agile -Pension Administration ERP	7,724	10,688
	KENET-hosting fees	-	1,322
	Unipen Rent Deposits	3,657	3,219
	Ambank House Rent Deposits	34,333	7,488
	Unipen Prepaid rent	212	249
	Ambank House Prepaid rent	5,323	5,689
	Tax provision	33,770	14,205
	Unidentified bankings	5,774	5,774
	Other accruals	3,025	9,222
	Valuation fees	-	1,160
	Professional fees	180	-
	TOTAL	107,371	75,986

26. Related party transactions

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

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

27. Self -Investment

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

28. Contingent receivables & liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2025 (continued)**

29. Currency

The financial statements are prepared in Kenya Shillings (Kshs)

30. Rounding differences

The figures in the financial statements have been rounded to the nearest Kshs 1,000