

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 22 JUL 2025

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TUESDAY

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**THE AUDITOR-GENERAL**

**ON**

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

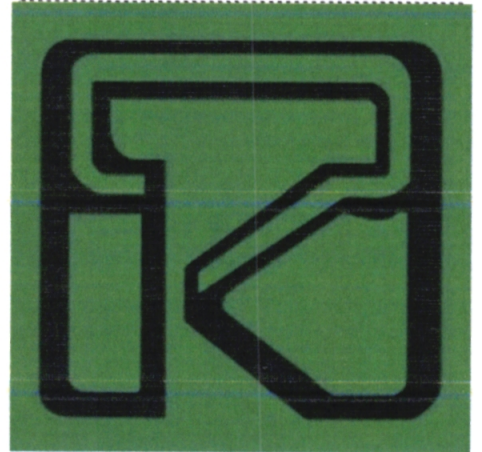
**FOR THE YEAR ENDED  
31 DECEMBER, 2024**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**DECEMBER 31, 2024**

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



**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**

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**1. Acronyms and Glossary of Terms**

<b>IFRS</b>	International Financial Reporting Standards
<b>NT</b>	National Treasury
<b>PFM</b>	Public Finance Management Act.
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>OSHA</b>	Occupational Safety and Health Act of 2007
<b>PPADA</b>	Public Procurement and Assets Disposal Act
<b>PPADR</b>	Public Procurement and Assets Disposal Regulations
<b>MBA</b>	Masters in Business Administration
<b>ICPAK</b>	Institute of Certified Public Accountants of Kenya
<b>CPS</b>	Certified Public Secretary
<b>CBK</b>	Central Bank of Kenya
<b>KCB</b>	Kenya Commercial Bank
<b>FIFO</b>	First In First Out
<b>FVTPL</b>	Fair Value through Profit or Loss
<b>FVTOCI</b>	Fair Value through other Comprehensive Income
<b>NSSF</b>	National Social Security Fund
<b>FY</b>	Financial Year
<b>SHIF</b>	Social Health Insurance Fund

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
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**2. Key Company Information**

**a) Background information**

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

**b) Principal Activities**

The principal activity of Kenya National Assurance Company (2001) Limited is to dispose of the assets of the Life Fund, settlement of claim liabilities, conclusion of court cases and preparation for voluntary winding up of the Company. Kenya National Assurance Company (2001) Limited commits to continued implementation of the Work Plan 2024. The operationalization of the plan will greatly help the Company achieve its mandate in a cost-effective manner that is responsive to the environmental changes.

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

**c) Directors**

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

- |    |                  |                      |  |
|----|------------------|----------------------|--|
| 1. | Mr. Protus Sigei | - Director           | - Appointed on 9 <sup>th</sup> March 2023    |
| 2. | Mr. Daniel Mutua | - Director           | - Appointed on 15 <sup>th</sup> January 2019 |
| 3. | Tabitha Mwaniki  | - Ag.Chief Executive | - Appointed on 1 <sup>st</sup> January 2019  |

**d) Corporate Secretary**

Mrs. Tabitha Mwaniki  
P.O. Box 20425 00200  
Nairobi, Kenya

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**Key Company Information (continued)**

**e) Registered Office**

Bima House, Harambee Avenue  
11<sup>th</sup> Floor Room 1114  
P.O. Box 20425-00200  
Nairobi, Kenya

**f) Corporate Headquarters**

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

**g) Corporate Contacts**

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

**h) Corporate Bankers**

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

**i) Independent Auditors**

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

**j) Principal Legal Advisers**



1. The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**3. The Board of Directors**

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.	 <p data-bbox="268 1057 411 1115"><b>Protus Sigei</b> <b>Director</b></p>	<p data-bbox="954 331 1560 779">Mr. Protus Sigei is a Senior Deputy Director of Investments at the National Treasury who has built his career largely within the public sector in Kenya. He has worked with the National Treasury for the last twenty-four years, initially in the Budget Department and currently in the Department of Government Investments and Public Enterprises. Earlier in his career, he worked as an Economist with the Ministry of Agriculture and later, Office of the President (HQ), on deployment from the Treasury.</p> <p data-bbox="954 801 1560 1070">He holds a B.A (Hons) degree in Economics (with Mathematics) from the University of Nairobi and a Master of Science from the University of York, U.K. He is also an alumnus of Queen’s University, Canada (<i>Program on Investment Appraisal and Risk Analysis</i>), and INSEAD (<i>Competitive Strategy</i>).</p> <p data-bbox="954 1093 1560 1585">Courtesy of the National Treasury, he has over the last twenty one years served in the boards of directors of several entities linked to the Government of Kenya; such as KCB (both in Kenya and Uganda), Kenya Reinsurance Corporation, Kenya Broadcasting Corporation (KBC) and Kenya Tourist Development Corporation (later renamed Tourism Finance Corporation), Telkom Kenya and Kenya National Highways Authority (KeNHA) – during which he has been a member of various board committees and chaired the HR and Credit Committees.</p> <p data-bbox="954 1608 1560 1865">He is a member of the Society for Benefit-Cost Analysis (SBCA), a professional society of academics and practitioners, headquartered at the University of Washington at Seattle, USA. He is also a Graduate of the Australian Institute of Company Directors (GAICD)</p>

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2.	 <p><b>F.A. Daniel Mutua</b>  <b>Director</b></p>	<p>FA Daniel Mutua is a Deputy Director, Investments in the Directorate of Public Investment &amp; Portfolio Management in the National Treasury. He has over 30 years of public sector experience having worked in various Ministries in Government and currently working in the National Treasury &amp; Planning since 2004. His Key Competencies include Finance &amp; Investment Analysis and appraisal, Enterprise Risk analysis, corporate Governance, Project Management Public-Private Partnerships Management, Public Policy analysis, Trusteeship, Public Finance and Leadership. Mr. Mutua holds a B.Ed. (Economics/Business Studies)-Kenyatta University (1991) and MBA-ESAMI/Maastricht (2006). He has attended many international forums and participated in trainings and benchmarking studies on Unclaimed Assets Management, Assets &amp; Liabilities Management, Risk Mgt, Public Policy among others in these Countries-USA, South Africa, Singapore, China, Sweden, Turkey, Canada, Ireland, India, Rwanda, Uganda and Tanzania</p>
3.	 <p><b>Tabitha Mwaniki</b>  <b>Ag. Chief Executive Officer and Company Secretary</b></p>	<p>Mrs. Mwaniki is currently the acting CEO. She was appointed as Principal Legal Officer and Company Secretary on 1<sup>st</sup> November 2005. She holds MBA, Executive from Moi University, and Post Graduate Diploma In Public Relations from Kenyatta University, Bachelor of Laws Degree from Nairobi University and a Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya of 29 years' experience, and a Certified Public Secretary (Kenya). Mrs. Mwaniki is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.</p>

**4. Key Management Team**

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

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**Annual Report and Financial Statements for the year ended December 31, 2024**

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**5. Directors' Statement**

We are pleased to present to you the annual report and financial statements for the period ended 31 December 2024.

**Performance Review**

In the year, 2024 the Company has made progress in the sale of the 1448 individual plots derived from L.R Number MN/1/397Bamburi Mombasa(Kwa Bulu) through competitive bidding and the conclusion of the pending court cases. During the year, progress has been made as 42 plots have been sold and 142 plots are at various stages of completion. There are only two court cases pending hearing and the other seven court cases are determined and in various stages of execution of the decrees granted by court.

**Financial Review**

During the year, the proceeds from the sale of the Kwa Bulu plots and Mortgage recovery have been the main source of the company revenue. The slow pace of the sale of Kwa Bulu Plots and the delay in concluding court cases has over the years adversely affected the financial performance of the company. The main source of the company's revenue is mortgage recovery and interest on investments in call deposits, which has reduced substantially over the years due to the decrease in the amounts available for investment. Cost containment has been critical in enabling the company to continue working towards achieving its mandate.

**Outlook and 2025 Focus**

The company has made strides towards accomplishing its mandate, with progress being made in the disposal of the remaining assets of the Closed Life Fund and conclusion of the outstanding court cases. In the year 2025, the Company will focus on the conclusion of the pending cases and completion of the sale of the Kwa Bulu Plots.

**Citizenship**

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

**Acknowledgement**

We recognize and applaud the commitment and dedicated service of the Management and staff in the implementation of the mandate of the company. The support of the National Treasury and Economic Planning and the commitment and dedication of the Board of Directors is acknowledged.

**Conclusion**

In conclusion, we believe that the goal to wind up the Company voluntarily as soon as the court cases pending are finalized and the sale of the Kwa Bulu Plots is substantially completed is attainable.

.....  
  
Director, Nairobi

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**6. Report of the Chief Executive Officer**

I am pleased to present the 2024 annual report and financial results. The Year 2024 started with renewed efforts to conclude the outstanding court cases and actualize the sale of the remaining Life Fund Assets. In particular, achievements in the implementation of our mandate as follows: -

**Court Cases**

Out of the nine (9) pending court cases at the beginning of the year, seven cases have been heard and determined by the courts in favour of the company and what is pending are the execution proceedings, and collection of decretal sums. There are only two cases pending for hearing and determination. The execution proceedings have been slow due to relentless litigation by the third parties but alternative methods are being pursued.

**Sale of the Remaining Assets**

There are two remaining assets of the Life Fund namely, 1448 Plots derived from MN/1/397 Bamburi, Mombasa (Kwa Bulu) and shares in Consolidated Bank of Kenya. The company has been selling the Kwa Bulu plots through competitive bidding since March 2024. Progress has been made in sale of the plots despite protracted litigation initiated by the squatters and other stakeholders. At the end of the year, the company had sold 42 plots and 142 plots in various stages of completion. The sale of the Kwa Bulu plots has been affected by the delay in processing of the leases and certificates of lease. The disposal of the shares in Consolidated Bank of Kenya may take longer as the bank is not listed.

**Financial Review**

The sale of the Kwa Bulu plots is the main source of revenue for the company as it recovers monies expended in the sub-division, titling and the costs of sale. The delay in the sale of the Kwa Bulu plots resulted in the company running low on funds as the company spent its reserves in subdivision and preparation of the plots for sale but the position has started to change as the sales have started picking up. Cost containment and aggressive push towards mortgage recovery and sale of remaining assets is the current focus by Management. All funds not immediately required are invested in call deposits to earn interest since; it is the only remaining source of revenue.

**Appreciation**

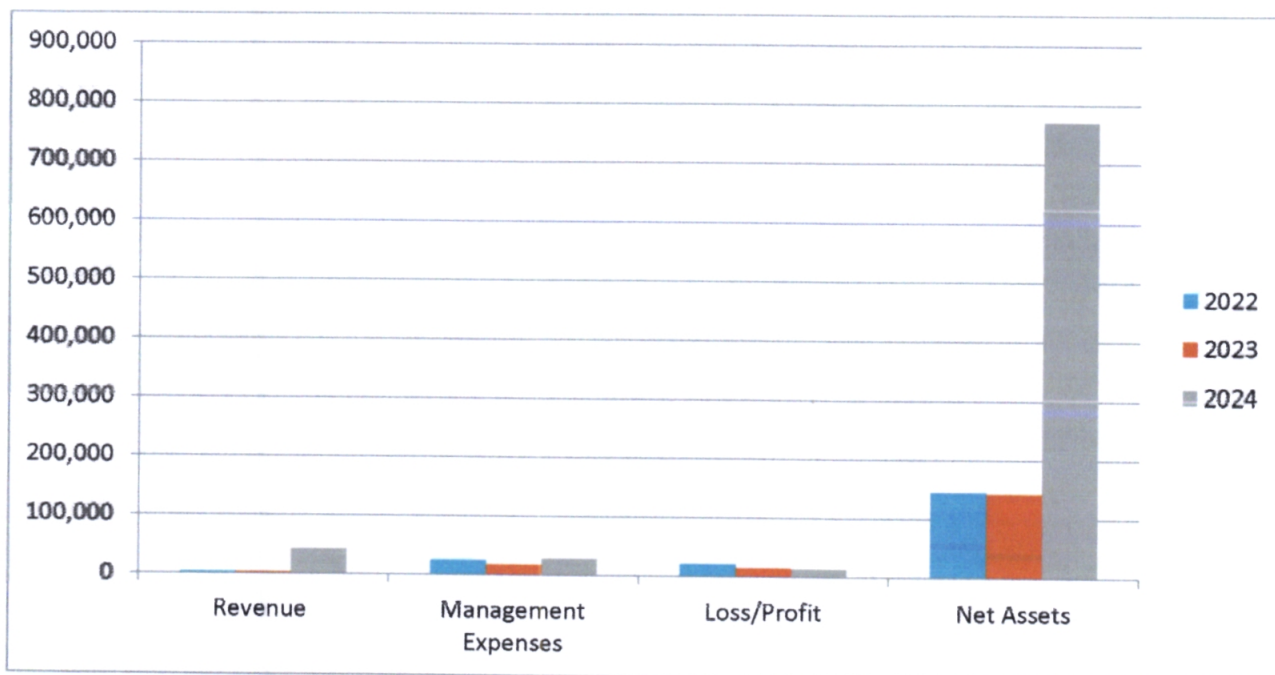
I take this opportunity to express my sincere appreciation to our shareholder, fellow board members, staff and other stakeholders for their dedicated contribution and support towards the implementation of the mandate of the company. We remain resolute in our commitment to achieving the mandate of the Board. Thank you and God bless you.

  
Tabitha Mwaniki  
Ag. Chief Executive Officer

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**7. Statement of Performance against Predetermined Objectives for FY 2024**

The Management Accounts show that total assets and total liabilities of the Company have increased due to the recognition of the expected proceeds from the sale of L.R Number MN/397/1(Kwa Bulu) Bamburi after protracted litigation. Comparative data for the years 2022, 2023 and 2024 is as follows: -



The Management expenses for 2024 amounted to Kshs 28 Million against income of Kshs 42 Million resulting in a profit of Kshs 14 Million.

**(a) Claims Settlement**

The Company has no outstanding claims due to policyholders from the year 2017 onwards. However, unreported claims can still be reported anytime where the beneficiaries of the Policyholders had not presented their claims before. The claim would be admitted and settled from the contingency reserves.

**(b) Disposal of remaining Assets**

There are three remaining assets of the Life Fund whose disposal is yet to be completed.

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The disposal has been slow due to a variety of reasons as explained below -

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

The Company sold the above property in 2005 to Kencent Holdings Limited for Kshs43,945,000/= but the full sale proceeds were not received because squatters invaded the property and the Company has not been able to hand over vacant possession to the purchaser. After many years of litigation where the court issued eviction orders and the Company was unable to evict the squatters but sought subsequent orders not to evict but sell the land to the squatters. The court issued orders to enumerate the squatters on the land, carry out physical planning, survey, and valuation and sale the property to the squatters. The property was valued at Kshs 810,000,000/=. Once the proceeds of sale are received it will be shared on the ratio of 20:80 being 20% to Kencent Holdings Limited who had paid 20% deposit for the land and 80% of the proceeds to KNAC (2001) limited representing the unpaid balance of the purchase price. The process of squatter enumeration, Physical Planning, Survey and Valuation was completed and letters of offer issued in December 2021. The squatters however, refused to respond to the letters and moved to court seeking to set aside the valuation, the application was heard and determined on the 14th November 2023, and the court allowed the Company to continue selling the plots to the squatters. Due to the reluctance by the squatters to pay for their plots the company decided to sell the plots through competitive bidding through adverts made in the local dairies with widest circulation in Kenya in March, May, August, October and November 2024. The proceeds of sale less the costs of selling are being deposited in a joint account between Kenya National Assurance Company (2001) Limited and Kencent Holdings Limited as directed by court and the relevant authority was obtained before the account was opened. At the end of the year, 42 plots have been paid for in full and 142 plots are in various stages of completion out of the 1448 through the competitive bidding process.

ii. **Investment in Consolidated Bank Limited**

The Company has 3,958,300 4% preference shares and 1,094,487 Ordinary shares in Consolidated Bank of Kenya Limited together of book value Kshs 101 Million.

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The shares are unquoted. The Bank has increased its share capital and is currently looking for a strategic investor. This is one of the surplus assets likely to be transferred to the National Treasury when all the other assets are disposed and the Company dissolved.

**iii. Mortgage Debts**

Only one-mortgage debt amounting Kshs. 2,671,000 is yet to be collected because of renewed litigation in court. Recovery of mortgage debts in general has been slow but steady. Relentless effort is being made in pursuing speedy conclusion of this case.

The progress report on the work plan for the year 2024 is as indicated in the diagram below:-

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
This strategy involves working with the Advocates representing the Company in various cases to speed up conclusion of the court cases by 31 <sup>st</sup> December 2024.	To conclude all of the 9 outstanding Court cases	Number of cases concluded	<ul style="list-style-type: none"> <li>- Court hearings</li> <li>- Out of Court Negotiations and settlements</li> <li>- Execution of decrees</li> </ul>	The 7 cases have been heard and determined and are in various stages of execution of the Judgements
Complete sale of the remaining Life Fund Assets	- Conclude sale of the 1448 subplots derived from Bamburi Plot through the Court assisted process	Transfer of the Property and collection of the sale proceeds.	<ul style="list-style-type: none"> <li>- Collection of the sale proceeds</li> <li>- Processing of Transfer of Land documents</li> </ul>	42 Plots have been sold and the sale proceeds collected in full. 142 plots are in various stages of completion.

**8. Corporate Governance Statement**

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

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The Board of Directors implements the mandate of the Company, which was to conclude all the outstanding court cases, sell the Life Fund assets and wind up the Company by 31<sup>st</sup> December 2024.

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

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

**Business Ethics**

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

**Board of Directors**

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

The Board consists of two non-executive directors and the Ag. Chief Executive Officer. The composition of the Board reflects the declining operations of the Company as it prepares for winding up. The two non-executive directors possess extensive experience in a variety of disciplines in insurance, business and financial management, all of which are applied in overall management of the Company. The Board

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
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meets quarterly and has a formal schedule of matters reserved for it. The directors are given appropriate and timely information so that they can perform their fiduciary responsibilities effectively.

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

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

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

**(b) Related Party Transactions**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or, Management except as those disclosed in **Note 25** to the Financial Statements for the year ended 31 December 2024.

**Board Committees**

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

**Board Meeting Attendance**

During the year under review, the Board held fifteen (15) meetings. The Board Members attendance for 2024 was as follows:

<b>Name</b>	<b>Number of Meetings Attended</b>	<b>Percentage Attended</b>
Protus Sigei	15/15	100%
Daniel Mutua	15/15	100%

**Shareholders**

The list of Shareholders and their individual holding at the year ending 31 December 2024 was as follows: -

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

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**Compliance**

The Company operates within the requirements of the Companies Act, 2015 of the Laws of Kenya that are still relevant despite the reduced nature of Company operations, among other legal requirements, and adopts the universally acceptable principles in areas of human rights, labour standards and in its commitment to best practices. Additionally, the Company prepares its Financial Statements in accordance with International Financial Reporting Standards (IFRS).

**9. Management Discussion and Analysis**

**i) Financial Performance**

The results for the year 2024 show the net assets have increased to Kshs 696 Million from Kshs 145 Million as at 31<sup>st</sup> December 2023. The reason for the drop is due to the decline in investment of funds.

**ii) Compliance with Statutory Requirements**

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

**iii) Major Risks facing the Company**

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

**10. Environmental and Sustainability Reporting**

**i) Sustainability Strategy and Profile -**

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

**ii) Environmental Performance**

In the day-to-day operations of the Company, the Company promotes measures that conserve power such as not using electricity for lighting during the day and having a near paperless office in order to help conserve the environment.

**iii) Employee Welfare**

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

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**iv) Market Place Practices**

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

**a) Responsible Business Practices.**

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

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

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

**c) Corporate Social Responsibility / Community Engagements**

Due to the terminal nature of the mandate of the Company, the Company has not been able to participate in any CSR activities during the year.

## **11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended December 31, 2024, which show the state of the Company affairs.

### **i) Principal activities**

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

### **ii) Results**

The results of the Company for the year ended December 31, 2024, are set out on page 1. Below is summary of the profit or loss made during the year.

	<b>Kshs '000'</b>
Profit before Taxation	14,039
<b>Loss for the year transferred to the Statutory Reserve</b>	<u><u>14,039</u></u>

### **iii) Dividends**

The Directors do not recommend the payment of a dividend in the current year (2023: Nil).

### **iv) Directors**

The members of the Board of Directors who served during the year are shown on Page iii in accordance with Company's Articles of Association.

### **v) Auditors**

The Auditor-General is responsible for the statutory audit of the Kenya National Assurance Company (2001) Limited in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



**Tabitha Mwaniki (Mrs)**  
**Company Secretary**

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**12. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporations Act and the Companies Act, 2015, require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on December 31, 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 Company; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company 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 , the State Corporations Act and the Companies Act ,2015.

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

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**

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


The Directors are of the opinion that the Company financial statements give a true and fair view of the state of Company transactions during the financial year ended December 31, 2024, and of the Company financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the Financial Statements**

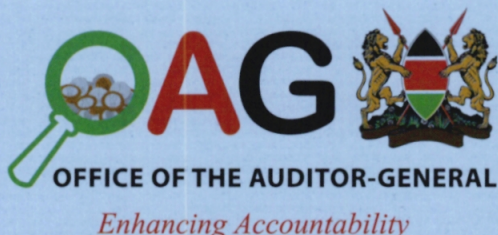
Kenya National Assurance Company (2001) Limited financial statements were approved by the Board on 14th March 2025 and signed on its behalf by:

  
Name: Daniel Mutua  
Director

  
Name: Tabitha Mwaniki  
Ag. Chief Executive Officer

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED FOR THE YEAR ENDED 31 DECEMBER, 2024**

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### 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.
- 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 Kenya National Assurance Company (2001) Limited set out on pages 1 to 44, which comprise the statement of

financial position as at 31 December, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Kenya National Assurance Company (2001) Limited as at 31 December, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Non-Compliance with International Financial Reporting Standards**

The statement of financial position reflects unquoted investments of Kshs.101,056,000 as disclosed in Note 12 to the financial statements. The investment balance was in respect to investment in Consolidated Bank of 1,094,487 ordinary shares at Kshs.20 per share amounting to Kshs.21,890,000 and 3,953,300 preference shares at Kshs.20 per share amounting to Kshs.79,166,000 all totalling to Kshs.101,056,000. However, no evidence of share valuation was provided to support the balance contrary to International Financial Reporting Standard (IFRS) No.9 on Financial Instruments which requires financial asset to be assessed for impairment at each reporting date.

In the circumstances, the valuation of the unquoted investments amounting to Kshs.101,056,000 could not be confirmed.

#### **2. Variances in the Mortgage Loans Balance**

The statement of financial position reflects a balance of Kshs.2,708,000 in respect of mortgage loans which, as disclosed in Note 13 to the financial statements, is made up of Kshs.367,641,000 loans maturing within one year and a debit balance of Kshs.364,933,000 in respect of provision for impairment loss. However, the supporting schedule reflect loan balance of Kshs.384,341,409 and impairment provision of Kshs.363,361,206 resulting in unexplained and unreconciled variances of Kshs.16,700,409 and Kshs.1,571,794, respectively.

In the circumstances, the accuracy and completeness of the mortgage loans balance of Kshs.2,708,000 could not be confirmed.

### **3. Misstatement of Other Income**

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.42,462,000 in respect of other income which, as disclosed in Note 7 to the financial statements, includes an amount of Kshs.31,467,000 in respect of provision of recoverable expenses from sale of Kwa Bulu plots recognized as revenue in the year contrary to the Company's own revenue recognition policy and prudence principle on revenue recognition. The Company had, recognized expenses incurred in processing titles as anticipated revenue. Further, review of the financial statements and as disclosed in Note 8(c) to the financial statements indicate that an amount of Kshs.11,019,000 was incurred in the sale of Kwa Bulu plots which differs with the amount of Kshs.31,467,000 reflected as provision of recoverable expenses by Kshs.20,448,000.

In the circumstances, the accuracy and completeness of the other income amounting to Kshs.42,462,000 could not be confirmed.

### **4. Erroneous Preparation of Financial Statements on a Going Concern Basis**

As previously reported, the financial statements have been prepared on a going concern basis. However, as disclosed in Note 5 (a) to the financial statements, the Board of Directors was mandated to spearhead conclusion of all outstanding court cases and to ensure winding up of the Company and transfer of surplus assets to The National Treasury by 31 December, 2025. This is an indication of intention to cease operations of the Company. The financial statements as prepared and presented are therefore, in breach of the provisions of Paragraph 25 of International Accounting Standard (IAS) No.1 which requires Management to assess an entity's ability to continue as a going concern and if Management concludes that an entity is not a going concern, the financial statements should not be prepared on a going concern basis.

In the circumstances, the financial statements were not prepared in accordance with the requirements of IAS No.1.

### **5. Variance in Trade and Other Payables**

The statement of financial position and as disclosed in Note 23 to the financial statements reflects trade and other payables balance of Kshs.47,484,000 which include a deposit balance of Kshs.47,184,000 in respect of deposits paid towards purchase of Kwa Bulu plots. However, the related deposit bank account reflects a balance of Kshs.16,158,000. Management has attributed the difference, amounting to Kshs.31,467,000, to deposits received and used to finance the plot selling costs. However, the recoverability of these costs from the buyers remains uncertain due to persistent difficulties in obtaining their cooperation.

In the circumstances, the accuracy of trade and other payables could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Assurance Company (2001) Limited 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 qualified opinion.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.20,000,000 and Kshs.42,913,000 respectively resulting to an over-realization of Kshs.22,913,000 or 115% of the budget. Similarly, the Company spent a total of Kshs.28,874,000 against an approved budget of Kshs.12,378,000 resulting to unapproved over-expenditure of Kshs.16,094,000 or 130%.

In the circumstances, the significant unapproved over-expenditure and over-realization of receipts directly violates the regulations and the Company may have over collected and over spent without requisite approval.

My opinion is not modified in respect of this matter.

## **Other Matter**

### **Assets Held for Sale**

The statement of financial position and as disclosed at Note 14 to the financial statements reflects a balance of Kshs.648,587,000 under assets held for sale which represent 80% of the valuation of Kshs.810,734,000 as directed by court. Review of the valuation report from the Ministry of Lands and physical Planning Ref No. MSA/VAL.GEN/VOL 2/49 dated 6 October, 2021 indicates that the land was valued at Kshs.810,734,000 in October, 2021, having been subdivided into 1,448 individual plots. Further, review of records revealed that the sale of the land was first executed in year 2005 at a price of Kshs.43,945,000. However, informal settlers invaded the land and the buyer could not take possession. After several years of litigation, the court in October 2019 issued orders for the land to be sold to the informal settlers under its supervision. The court also issued additional orders that the Company and the initial buyer open a joint account, where proceeds of the sale would be deposited and shared in the ratio of 20:80 after payment of costs, representing the buyer's and Company's interest in the land.

Although the court order dated 31 October, 2019 mandated the sale of specific land parcels to identified informal settlers within 300 days, as of the date of the audit report, the Company had not been able to fully comply with the court order due to challenges in securing the necessary cooperation from all affected parties. This unresolved situation poses potential legal and financial risks to the Company, including the possibility of further litigation and penalties.

## **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. 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 Information**

The Directors are responsible for the other information set out on page iii to xix which comprise of Key Company Information, The Board of Directors, Key Management Team, Director's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on page xvii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages xiv has been properly prepared in accordance with the Companies Act, 2015.

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. 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 Directors**

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

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 for 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

27 June, 2025

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**

**14. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31<sup>st</sup> December 2024.**

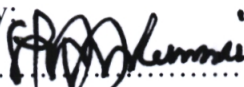
Description	Note	2024	2023
		Kshs '000'	Kshs '000'
<b>Revenues</b>			
Finance Income	6	451	369
Other Income	7	42,462	2500
<b>Total Revenues</b>		<b>42,913</b>	<b>2,869</b>
<b>Operating Expenses</b>			
Administration Costs	8	28,874	16,822
<b>Total Operating Expenses</b>		<b>28,874</b>	<b>16,822</b>
<b>Profit/(loss) before Taxation</b>	9	14,039	(13,953)
<b>Income tax expense/(credit)</b>	10	-	-
<b>Profit/(loss) after Taxation</b>		14,039	(13,953)
<b>Total Comprehensive Profit/( Loss) for the Year</b>		<b>14,039</b>	<b>(13,953)</b>


**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**


**Statement of Financial Position as at 31<sup>st</sup> December 2024**

Description	Note	2024	2023
		Kshs '000'	Kshs '000'
<b>Assets</b>			
<b>Non-Current Assets</b>			
Leasehold land Property, Plant and Equipment	11	8	12
Unquoted Investments	12	101,056	101,056
Mortgages Loans	13	2,708	4,280
<b>Total Non-Current Assets</b>		<b>103,772</b>	<b>105,348</b>
<b>Current Assets</b>			
Asset held for Sale	14	648,587	-
Trade and other Receivables	15	35,454	36,007
Short-Term Deposits	16	16,158	2,959
Bank And Cash Balances	17	17	1,177
<b>Total Current Assets</b>		<b>700,216</b>	<b>40,143</b>
<b>Total Assets</b>		<b>803,988</b>	<b>145,491</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary Share Capital	18	50,000	50,000
Revaluation Reserve	19	705,696	101,056
Revenue Reserve	20	(7,977)	(22,016)
<b>Capital and Reserves</b>		<b>747,719</b>	<b>129,040</b>
<b>Non-Current Liabilities</b>			
Contingency Reserve	21	5000	5,000
<b>Total Non-Current Liabilities</b>		<b>5,000</b>	<b>5,000</b>
<b>Current Liabilities</b>			
Bank And Cash Balances	17	2297	-
Trade and other Payables	23	47,484	6,533
Retirement Benefit Obligations	24	1,488	4,918
<b>Total Current Liabilities</b>		<b>51,269</b>	<b>11,451</b>
<b>Total Equity and Liabilities</b>		<b>803,988</b>	<b>145,491</b>

The financial statements were approved by the Board on 14<sup>th</sup> March 2025 and signed on its behalf by:

  
 Name: Tabitha Mwaniki  
 Ag. Chief Executive Officer  
 Date: 24/06/2025

  
 Name: Zipporah Chebotibin  
 Head of Finance  
 ICPAK M/NO 9826  
 Date: 24/06/2025

  
 Name: Daniel Mutua  
 Director  
 Date: 24/06/2025



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**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**

**Statement of Changes in Equity for the year ended 31<sup>st</sup> December 2024**

Description	Ordinary Share Capital	Revaluation Reserve	Fair value adjustment Reserve	Retained Earnings	Proposed Dividends	Capital/ Development Grants/Fund	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Ksh'000'	Kshs '000'	Kshs '000'	Kshs '000'
As at January 1, 2023	50,000	103,556		(8,063)	-	-	145,493
Disposal of Asset for sale	-	(2,500)	-	-	-	-	(2,500)
	-	-	-	(13,953)	-	-	(13,953)
At December 31, 2023	50,000	101,056	-	(22,016)	-	-	129,040
As at January 1, 2024	50,000	101,056		(22,016)	-	-	129,040
Revaluation of Asset held for sale		604,640					604,640
Surplus/Deficit for the Year	-	-	-	14,039	-	-	14,039
At December 31,2024	50,000	705,696		(7,977)			747,719

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended December 31, 2024**

**17. Statement of Cash Flows for the year ended 31<sup>st</sup> December, 2024**

Description	Note	2024	2023
		Kshs '000'	Kshs '000'
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	25	9,742	(9,857)
Net cash generated from/(used in) operating activities		9,742	(9,857)
Increase/(decrease) in cash and cash equivalents		9,742	(9,857)
Cash and cash equivalents at beginning of year		4,136	13,993
Cash and cash equivalents at end of the year		13,878	4,136

**18. Statement of Comparison of Budget and Actual amounts for the period ended 31<sup>st</sup> December 2024**

Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E= c - d	d/c%
<b>Revenue</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	
Finance Income	-	-	-	451	451	100%
Other Income	20,000	-	20,000	42,462	22,462	212%
<b>Total income</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>42,913</b>	<b>(22,912)</b>	<b>214%</b>
<b>Expenses</b>						
Compensation of employees	8,995	-	8,995	12,108	(3,113)	134%
Use of goods and services	2,903	-	2,903	15,333	(12,430)	528%
Rent paid	480	-	480	1,433	(953)	299%
<b>Total Expenditure</b>	<b>12,378</b>	<b>-</b>	<b>12,378</b>	<b>28,874</b>	<b>(16,094)</b>	<b>230%</b>
<b>Surplus/Loss for the period</b>	<b>7,622</b>	<b>-</b>	<b>7,622</b>	<b>14,039</b>		

**Notes to the comparison of Budget and Actual Performance**

**(a) Revenue**

**(i) Finance Income**

In the 2024 FY Budget the company raised Kshs 451,000/= from interest on fixed deposits. The company raised Kshs 451,000/= because it had more funds invested than anticipated due to the delay in conclusion of the court cases which prevented the company from going on with its planned activities of processing leases for Kwa Bulu Plots.

**(ii) Other Income**

The company had projected to raise Kshs 20 Million from the Mortgage recovery of two securities. The company has received proceeds from the sale of one of the mortgage securities and also recognised as receivable the expenses incurred in the processing of leases and certificates of title of the Kwa Bulu Plots and the costs of sale as an amount recoverable from proceeds of sale when the final accounts are done between the Company and Kencent Holdings Limited in line with the Court order date 31<sup>st</sup> October 2019.

**(b) Expenses- Use of Goods and Services**

The company had made provisions in the budget for payment for processing of 1448 leases and certificates of title by the Department of Lands and Physical Planning. The cost of registration of the leases at the Ministry of Lands and Physical Planning increased from the previously budgeted amounts. The company also incurred additional costs by having to sell the plots by way of competitive bidding due to slow uptake of the plots by the squatters.

**(c) Rent**

The company had made provision for rent for the Go-down at Industrial Area for six months as the company planned to dispose of the obsolete records in the first quarter of the year pending approval by the Director General National Archives and Documentation. The approval was received in November 2024 due to unforeseen delays.

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2024**

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**Notes to the Financial Statements.**

**1. General Information**

Kenya National Assurance Company (2001) Limited is a limited liability company incorporated from Company Act, 2015. The company is wholly owned by the Government of Kenya and is domiciled in Kenya. The Company principal activity is to manage and liquidate the Closed Life Fund of the defunct Kenya National Assurance Company Limited (In Liquidation). For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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

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

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2024**  
**Notes to the Financial Statements (Continued)**

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

**i. New and amended standards and interpretations in issue and effective in the year ended 31<sup>st</sup> December 2024.**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

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

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

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

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024.

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
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 Company 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 recognize any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to 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 Company provides about liabilities arising from loan arrangements for which an Company right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the Company 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 Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the Company's financial statements.

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

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**iii. Early adoption of standards**

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

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

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**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2024**  
**Notes to the Financial Statements (Continued)**

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**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

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

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

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

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

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
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**Notes to the Financial Statements (Continued)**

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

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

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

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

**e) Intangible assets**

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

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

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

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

**g) Investment property**

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

**h) Right of Use Asset**

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

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

**Summary of Accounting Policies**

**i) Fixed interest investments (bonds)**

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

**j) Quoted investments**

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

**k) Unquoted investments**

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

**l) Inventories**

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

**m) Trade and other receivables**

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

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**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2024**  
**Notes to the Financial Statements (Continued)**

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**Summary of Accounting Policies**

**n) Taxation**

**i) Current income tax**

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income.

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

**o) Deferred tax**

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

**Deferred Tax**

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

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

**Summary of Accounting Policies**

probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

**p) Borrowing costs**

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

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

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**Summary of Accounting Policies**

temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement.

Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**s) Trade and other payables**

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

**t) Retirement benefit obligations**

The Company does not operate a defined contribution scheme but have an annual provision of gratuity which is payable at the end of the contract period. The Company also contributes to the

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

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**Summary of Accounting Policies (Continued)**

statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs 1080 per employee per month.

**u) Provision for staff leave pay**

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

**v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Company operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**w) Budget information**

The National Treasury approved the original budget for FY 2024 on 28th June, 2024. No subsequent revisions or additional appropriations were made to the approved budget. Company 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.

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

**Summary of Accounting Policies (Continued)**

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 VIII of these financial statements.

**a) Service concession arrangements**

The Company 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 Company 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 Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**b) Comparative figures**

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

**c) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended December 31, 2024.

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

The preparation of the Company 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.

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
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**Notes to the Financial Statements (Continued)**

**Summary of Accounting Policies (Continued)**

**a) Going Concern Assumption**

The mandate of the company is as follows:

- (i) To spearhead conclusion of all the outstanding court cases
- (ii) To Conclude sale of 1448, individual plots derived from LR MN 1/ 397 in Bamburi.
- (iii) To ensure voluntary winding up of the company and transfer of all surplus assets to the National Treasury by 31 December 2025.

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and on a going concern basis of preparation until the year 2024, which is the projected year for voluntary winding up the company. For the purposes of reporting under the Kenyan Companies Act, 2015 the balance sheet in these financial statements is represented by/is equivalent to the Statement of Financial Position and the Profit and Loss Account is represented in the statement of profit or loss and other comprehensive Income.

**b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**c) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Company

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- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

**d) Provisions**

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

**6. Finance Income**

Description	2024	2023
	Kshs '000'	Kshs '000'
Interest Income from Commercial Banks and Financial Institutions	437	355
Interest on Staff loans	14	14
<b>Total</b>	<b>451</b>	<b>369</b>

**7. Other Income**

Description	2024	2023
	Kshs '000'	Kshs '000'
Sale of Malindi plot	-	2,500
Interest Income on Mortgage Recovery	10,441	
Disposal of Waste Paper, Scrap Metal and Unserviceable Stores	554	
Provision of Recoverable Expenses from Sale of Kwa Bulu Plots	31,467	
<b>Total</b>	<b>42,462</b>	<b>2,500</b>

**8. (a) Administration Costs**

Description	2024	2023
	Kshs '000'	Kshs '000'
Staff costs (Note 8b)	12,108	12,461
Directors' Emoluments	593	360
Internet Expenses-	98	58
Transportation, Travelling and Subsistence	600	539
Advertising, Printing, Stationery and Photocopying	137	78

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Description	2024	2023
	Kshs '000'	Kshs '000'
Rent Expenses	1,443	1,888
Staff Training Expenses	238	55
Hospitality Supplies and Services	120	105
Bank Charges and Commissions	81	66
Telephone, Postage and Services	37	19
Auditors' Remuneration	300	300
Legal fees	1,415	219
Repairs and Maintenance	279	278
Property Rent and Rates	-	53
Depreciation	4	3
Reversal of Over Provision	402	-
Other Operating Expenses (Note 8c)	11,019	340
<b>Total</b>	<b>28,874</b>	<b>16,822</b>

**(b) Staff Costs**

Description	2024	2023
	Kshs '000'	Kshs '000'
Salaries and Allowances of Employees	8,447	8,795
Casual wages	175	182
Employer contribution to NSSF	143	48
Contributions to SHIF	102	57
Leave pay	450	411
Gratuity Provisions	2,047	2,217
Employers contribution to Housing Levy	245	60
Staff Medical Cover	449	651
Staff welfare	50	40
<b>Total</b>	<b>12,108</b>	<b>12,461</b>
<b>Description</b>		
<b>The average number of employees at the end of the year was:</b>		
Contracted Employees (All employees are on contract)	<b>6</b>	<b>5</b>
<b>Total</b>	<b>6</b>	<b>5</b>

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

**(c) Other Operating Expenses**

Description	2024	2023
	Kshs '000'	Kshs '000'
Government Fees for Processing Leases & Certificates of Leases	6,894	-
Publishing & Advertisement	1,673	-
Transport, Travel & Accommodation	1,749	-
Office Rent –Mombasa	478	-
Casuals	143	-
Other Office Expenses- Photocopy, Printing of Maps	82	-
<b>Total</b>	<b>11,019</b>	<b>-</b>

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

Description	2024	2023
	Kshs '000'	Kshs '000'
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>		
Staff Costs (Note 8b)	12,108	12,461
Depreciation of Property, Plant and Equipment	4	3
Amortization of Tangible Assets	-	0
Directors' Emoluments/ Sitting Allowances	593	360
Auditors' Remuneration - Current Year Fees	300	300
Other Expenses	15,869	3,698
Finance Income	(451)	(369)
Other Income	(42,462)	(2,500)
<b>Total profit (Loss)</b>	<b>14,039</b>	<b>(13,953)</b>

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

**(a) Income Tax charge/ credit**

Description	2024	2023
	Kshs '000'	Kshs '000'
Current taxation based on the adjusted Profit for the year at 30%	4,212	(4,186)
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	-	-
Prior Year Under-provision for deferred tax	-	-
<b>Total</b>	<b>4,212</b>	<b>(4,186)</b>

**KENYA NATIONAL ASSURANCE COMPANY (2001) LIMITED**  
**Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2024**  
**Notes to the Financial Statements (Continued)**

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

Description	2024	2023
	Kshs '000'	Kshs '000'
Profit before Taxation	14,039	(13,953)
Tax at the applicable tax rate of 30%	4,212	(4,186)
Tax effects of Expenses not deductible for Tax purposes	1	1
Deferred tax Prior Year Over-Provision	4,211	4,185
<b>Total</b>	-	-

**11. Property, Plant and Equipment**

Description	Freehold Land	Computers & related Equipment	Office Equipment, Furniture & Fittings	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>Cost or Valuation</b>				
Additions/adjustments	-	1	-	1
Transfers	-	-	-	-
Disposals	2,500	-	-	2,500
<b>At December 31, 2023</b>	-	<b>485</b>	<b>1,460</b>	<b>1,945</b>
<b>Depreciation</b>				
<b>At January 1, 2024</b>	-	485	1,460	1,945

**Property, Plant and Equipment at Cost**

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

Description	Freehold Land	Computers & related Equipment	Office Equipment, Furniture & Fittings	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>Cost or Valuation</b>				
<b>At January 1 2023</b>	-	485	1,460	1,945
Additions	-	--	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
<b>At December 31 2023</b>	-	<b>485</b>	<b>1,460</b>	<b>1,945</b>
<b>Depreciation</b>				
<b>At Jan 1, 2024</b>	-	485	1,448	1,933
Charge for the year		-	4	4
<b>At December 31, 2024</b>	-	<b>485</b>	<b>1,452</b>	<b>1,937</b>
<b>Net book value</b>	-	-	8	8
<b>At December 31, 2024</b>		23	8	8

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At December 31, 2024	-	485	1,452	1,937
Net book value	-	-	8	8
At December 31, 2024		Cost -	Accumulated Depreciation	NBV
Description		Kshs '000'	Kshs '000'	Kshs '000'
Office Equipment, Furniture, and Fittings		1,460	1,452	8
		1,460	1,452	8

**Property, Plant and Equipment at Cost**

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

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

Property Plant and Equipment includes the following assets that are fully depreciated.

Description	Cost Valuation	Normal Annual Depreciation charge
	Kshs'000'	Kshs'000'
Computers And Related Equipment	485	0
Office Equipment, Furniture And Fittings	1,452,	4
<b>Total</b>	<b>1,937</b>	<b>4</b>

**12. (a) Unquoted Investments**

Description	2024	2023
	Kshs'000'	Kshs'000'
Cost		
At January 1	101,056	101,056
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
At December 31	101,056	101,056

**(b) Detailed Analysis of Unquoted Investments**

Name of the company where the investment is held	No of shares			Nominal value of shares	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	2024	2023	
				Kshs'000'	Kshs'000'	Kshs'000'

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Consolidated Bank of Kenya(Ordinary Share)	0.7	-	0.7	20	21,890	21,890
Consolidated Bank of Kenya (Preference Shares)	2.7	-	2.7	20	79,166	79,166
<b>Totals</b>	<b>3.4</b>	<b>-</b>	<b>3.4</b>		<b>101,056</b>	<b>101,056</b>

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

**13. Mortgage Loans**

Description	2024	2023
	Kshs '000'	Kshs '000'
Maturity within one Year	367,641	367,641
Less: Provision on impairment loss	(364,933)	(363,361)
<b>Total</b>	<b>2,708</b>	<b>4,280</b>

**14. Asset held for sale**

Description	2024	2023
	Kshs '000'	Kshs '000'
Bamburi plot	648,587	-
<b>Net Trade Receivables</b>	<b>648,587</b>	<b>-</b>

**15. (a) Trade and Other Receivables**

Description	2024	2023
	Kshs '000'	Kshs '000'
Trade Receivables Note 15 (a)	35,068	35,548
Deposits and prepayments	355	388
Staff Receivables Note 15 (b)	31	71
<b>Net Trade and Other Receivables</b>	<b>35,454</b>	<b>36,007</b>

**(b) Trade Receivables**

Description	2024	2023
	Kshs '000'	Kshs '000'
Gross Trade Receivables	283,783	283,783
Additional Receivables	35,068	-
Less ; Receivables from kwa Bulu	(35,548)	-
Provision for Doubtful Receivables	(248,235)	(248,235)
<b>Net Trade Receivables</b>	<b>35,068</b>	<b>35,548</b>

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

The company owned several Commercial properties for leasing which were disposed of to raise funds to settle policyholder claims. After the sale of the buildings, it was difficult to collect the outstanding rent and service charge amounts a lot of which were incurred when the defunct company first went into liquidation. Provisions for bad and doubt debts have been made over the years for the rent and service charge arrears due to the company inability to collect them.

**(b) Staff Receivables**

Description	2024	2023
	Kshs '000'	Kshs'000
Gross staff advances and other staff receivables	31	71
Net staff loans and other staff receivables	<b>31</b>	<b>71</b>
Less: Amounts due within one year	(31)	(71)
<b>Amounts due after one year</b>	-	-

**16. Short Term Deposits**

Description	2024	2023
	Kshs '000'	Kshs'000
Kenya Commercial Bank	16,158	2,959
<b>Total</b>	<b>16,158</b>	<b>2,959</b>

The average effective interest rate on the short term deposits as at December 31, 2024 was 5.5% (2023: 5.5%).-

**17. Bank and Cash Balances**

Description	2024	2023
	Kshs '000'	Kshs '000'
Cash at Bank	(2,297)	1,124
Cash in Hand	17	53
<b>Total</b>	<b>(2,280)</b>	<b>1,177</b>

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

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**Detailed Analysis of the Cash and Cash Equivalents**

Description		2024	2023
Financial Institution	Account Number	Kshs '000'	Kshs '000'
<b>a) Current Account</b>			
	1107111862	(4,437)	1,097
KCB Kenya Limited	1107111641	2,140	27
<b>Sub- Total</b>		<b>(2,297)</b>	<b>1,124</b>
<b>b) On - Call Deposits</b>			
KCB Kenya Limited	MM23355HL5V6	16,158	2,959
<b>Sub- Total</b>		<b>16,158</b>	<b>2,959</b>
<b>c) Others (Specify)</b>			
Cash in Hand	Petty cash	17	53
<b>Sub- Total</b>		<b>17</b>	<b>53</b>
<b>Grand Total</b>		<b>13,878</b>	<b>4,136</b>

**18. Ordinary Share Capital**

Description	2024	2023
	Kshs '000'	Kshs'000
<b>Authorized:</b>		
1,500,000 Ordinary Shares of Kshs 3.3 par value each	50,000	50,000
<b>Issued and Fully Paid</b>		
1,500,000 Ordinary Shares of Kshs 3.3 par value each	50,000	50,000

**19. Revaluation Reserve**

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

Description	2024	2023
	Kshs '000'	Kshs'000'
<b>Cost</b>		
<b>At January 1</b>	<b>101,056</b>	<b>103,056</b>
Disposal	-	(2,500)
Revaluation of an Asset held for Sale	604,640	-
<b>At December 31</b>	<b>705,696</b>	<b>101,056</b>

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

**20. Revenue Reserve**

Description	2024	2023
	Kshs '000'	Kshs'000
Revenue Reserve at the beginning of the Year	(22,016)	(8,063)
Less: Operating Profit(loss) for the Year	14,039	(13,953)
<b>Revenue Reserve at the end of the Year</b>	<b>(7,977)</b>	<b>(22,016)</b>

**21. Contingency Reserve**

Description	2024	2023
	Kshs '000'	Kshs'000
Contingency Reserve at the end of the Year	5,000	5,000

Kenya National Assurance Company (2001) Limited is a Life Assurance company which took over the Closed Life Fund of the former Kenya National Assurance Company Limited (In Liquidation). The Company did the last Actuarial Valuation in the year 2010. In the Actuarial Valuation of 2010, the Actuaries had made a provision of Kshs 5 Million for HIV&Aids, Data Discrepancy and Contingency Reserve. The reason for this provision was to cushion the company in the event new claims are presented. Due to the nature of life insurance sometimes, the policyholder dies and premiums stop being remitted to the company. The company treats the policy as a lapsed/Written off policy. When the beneficiaries find out the deceased had a policy they place a claim which converts the policy from a paid up or lapsed policy to a death claim with full benefits. Claims may also arise from policies, which had earlier been written off when evidence of premium payment is presented. There is no time limit in the Insurance Act Cap 487 within which such claims can be presented.

**22. Deferred Tax Liability**

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

Description	2024	2023
	Kshs '000'	Kshs '000'
Tax losses carried forward	4,211	(4,186)
Provisions for liabilities and charges	(4,211)	(4,186)
Net deferred tax liability	-	-
Balance at the end of the Year	-	-

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**23. Trade and Other Payables**

Description	2024	2023
	Kshs '000'	Kshs'000'
Accrued Expenses	300	674
Deposits	47,184	5,859
<b>Total</b>	<b>47,484</b>	<b>6,533</b>

**Aging analysis for Trade and other Payable**

	2024 Kshs '000'	% of the Total	2023 Kshs '000'	% of the total
Under one year	1,788	4	674	10
2-3 years	47,184	96	5,859	90
<b>Total</b>	<b>48,972</b>	<b>100</b>	<b>6,533</b>	<b>100</b>

**24. Retirement Benefit Obligations-Staff Gratuity.**

Description	2024	2023
Terminal dues/gratuity	Kshs '000'	Kshs'000'
Current benefit obligation	4,918	2,701
Additional Provisions	3,088	3,087
Reversal of over Provisions	-	(870)
Provision utilized	(6,518)	-
<b>Total Employee Benefits Obligation</b>	<b>1,488</b>	<b>4,918</b>

**Recognition of Retirement Benefit Asset/ Liability**

The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

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1080 per employee per month. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

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

**25. Statement of Cash Flows**

Description	2024	2023
	Kshs '000'	Kshs '000'
<b>(a) Reconciliation of Operating Profit/ (Loss) to Cash Generated from/ (Used in) Operations</b>		
Profit or Loss before Tax	14,039	(13,953)
Add: Depreciation	4	3
Add: Operating Profit/(Loss) before Working Capital changes	14,043	(13,950)
Less: Profit on Recovery of Mortgages and disposal of waste paper and metals (Note 7)	(10,995)	-
Add: Reversal of Over Provisions (Note 8)	402	-
Add: Proceeds from Recovery of Mortgages	12,013	-
Less: Recoverable Expenses paid during the year (Note 7)	(8,287)	
(Increase)/Decrease in Trade and Other Receivables (Note 25c)	(34,955)	294
Increase/(Decrease) in Trade and Other Payables	40,951	1,582
Increase/(Decrease) in Provision for Staff Gratuity	(3,430)	2,217
Increase/(Decrease) in Provision for Staff Leave Pay	-	-
<b>Cash Generated from/(used In) operations</b>	<b>9,742</b>	<b>(9,857)</b>
<b>(b) Analysis of Cash and Cash equivalents</b>		
Short Term Deposits	16,158	2,959
Cash at Bank	(2,297)	1,124
Cash in Hand	17	53
<b>Balance at end of the year</b>	<b>13,878</b>	<b>4,136</b>

**(c) (Increase)/Decrease in Trade and Other Receivables**

Description	Amount '000'
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**26. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Company, holding 100% of the Company equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Company, both domestic and external.

Other related parties include:

- i) The National Treasury & Economic Planning
- ii) County Government of Nairobi
- iii) Central Bank of Kenya
- iv) Kenya Commercial Bank
- v) Consolidated Bank of Kenya
- vi) Key management
- vii) Board of Directors

**Transactions with Related Parties**

Description	2024	2023
	Kshs '000'	Kshs '000'
<b>a) Sales to related Parties</b>		
Interest income from Government Commercial Banks	437	355
<b>Total</b>	<b>437</b>	<b>355</b>
<b>b) Purchases from related parties</b>		
Bank charges paid to Govt Commercial Banks	81	66
<b>Total</b>	<b>81</b>	<b>66</b>
<b>c) Key Management Compensation</b>		
Directors' Emoluments	593	360
Compensation to Key Management	9,639	9,042
<b>Total</b>	<b>10,750</b>	<b>9,823</b>

**27. Financial Risk Management**

The Company activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the

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potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit Risk**

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Company maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:-

<b>Description</b>	<b>Total Amount Kshs '000'</b>	<b>Fully Performing Kshs '000'</b>	<b>Past Due Kshs '000'</b>	<b>Impaired Kshs '000'</b>
<b>At 31 December 2024</b>				
Receivables from exchange transactions	283,689	35,454	-	248,235
Mortgage Loans	2,708	-	-	-
Bank balances	(2,280)	(2,280)	-	-
<b>Total</b>	<b>284,117</b>	<b>33,174</b>	<b>-</b>	<b>248,235</b>
<b>At 31 December 2023</b>				
Receivables from exchange transactions	284,242	36,007	-	248,235
Mortgages	4,280	-	-	-
Bank balances	1,177	1,177	-	-
<b>Total</b>	<b>289,699</b>	<b>37,184</b>	<b>-</b>	<b>248,235</b>

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Company has recognised in the financial statements is considered adequate to cover

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any potentially irrecoverable amounts. The Company has significant concentration of credit risk because it is not trading.

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.

**ii) Liquidity Risk Management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 31 December 2024</b>				
Trade payables -Deposits	47,184	-	-	47184
Provisions (Contingency Reserve)	5000	-	-	5000
Employee Benefit Obligation	1,488	-	-	1,488
Accrued Expenses	300	-	-	300
<b>Total</b>	<b>53,972</b>	<b>-</b>	<b>-</b>	<b>54,872</b>
<b>At 31 December 2023</b>				
Trade payables - Deposits	5,859	-	-	5,859
Provisions (Contingency Reserve)	5,000	-	-	5,000
Employee benefit obligation	4,918	-	-	4,918
Accrued Expenses	674	-	-	674
<b>Total</b>	<b>16,451</b>	<b>-</b>	<b>-</b>	<b>16,451</b>

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**(iii) Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Company 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 Company income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Company's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies. There has been no change to the Company exposure to market risks or the manner in which it manages and measures the risk.

**a) Interest rate risk**

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

**i) Management of interest rate risk**

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

**ii) Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs253,818 (2023: Kshs 253,909).

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

**iii) Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value**

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company 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 Company considers relevant and observable market prices in its valuations where possible.

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

<b>At 31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>
<b>Non- Financial Assets</b>				
Land and Buildings	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 31 December 2023</b>				
Land and Buildings	2,500	-	-	2,500
<b>Total</b>	<b>2,500</b>	-		<b>2,500</b>
<b>At 31 December 2024</b>	-			
<b>Non-Financial Assets</b>				

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Property Plant and Equipment	-	-	8	8
<b>At 31 December 2023</b>				
<b>Non-Financial Assets</b>				
Property Plant and Equipment	-	-	12	12
<b>Total</b>	-	-	<b>12</b>	<b>12</b>

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

**Financial instruments not measured at fair value**

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

**iv) Capital Risk Management**

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

Description	2024	2023
	Kshs '000'	Kshs '000'
Revaluation Reserve	705,696	101,056
Revenue Reserve	(7,977)	(22,016)
Capital Reserve	50,000	50,000
<b>Total Funds</b>	<b>747,719</b>	<b>129,040</b>
Total Borrowings		-
Less: Cash and Bank balances	(2,280)	(1,177)
Net Debt/(Excess Cash and Cash Equivalents)	745,439	127,863
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**28. Incorporation**

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

**29. Events after the Reporting Period**

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

**30. Currency**

The financial statement are presented in Kenya Shillings (Kshs)

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**19. Appendices**

**Appendix 1: Implementation Status of Auditor-General prior year recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion	<p><b>1. Trade and Other Receivables Balance</b></p> <p>The statements of financial position reflects trade and other receivables balance of Kshs 36,007,000/= as disclosed in Note 15 to the financial statements includes an amount of Kshs 35,548,000/= in respect of trade receivables being outstanding balance from the sale of land located in Mombasa. However, the schedule provided to support the receivable balance reflects an amount of Kshs 35,547,000/= while the sale agreement reflects outstanding amount of Kshs 35,145,000/=. The variances between the three records have not been reconciled.</p>	<p>The company notes that included in the receivable balance of Kshs 36,007,000/- is an amount Kshs 401,000/- related to the sale of Githurai Plots, which was not removed from the account after all the proceeds of sale were received in 2011.</p> <p>The amount of Kshs132, 552,000/- in the General Ledger represents excess service charge debtors provided for in 2008 with regard to commercial properties owned by the company and subsequently sold making it difficult to collect the excess service charge. Management provided records to</p>	Resolved	31 <sup>st</sup> December 2024.

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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)
	<p>Further, review of records revealed that the sale of the land was executed in year 20025 at a price of Kshs 43,945,000/=, out of which the buyer paid Kshs 8,800,000/=, leaving a balance of Kshs 35,145,000/- . Subsequently, informal settlers invaded the land and the buyer could not take possession. After several years of litigation, the court in October 2019 issued orders for the land to be sold to the informal settlers under its supervision. The court also issued additional orders that the company and the buyer open a joint account, where proceeds of the sale would be deposited and shared in the ration of 20:80 after payment of cots ,representing the buyer's and the company interest in the land.</p> <p>Additional information indicates that the land</p>	<p>support the amount.</p> <p>The company acknowledges that the nature of interest in the property represented by the amount of Kshs 35,145,000/= has since changed in terms of the court order dated 31<sup>st</sup> October 2019. The Financial Statement have been amended to remove the assets from account receivable to recognizing the interest of the company as an asset held</p>		

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	<p>was valued at Kshs 810,734,000/- in October 2021, having been subdivided into 1448 individual plots. Records indicates that 35 plots valued at Kshs 18,770,000/- had been sold to the IDP's with a balance of Kshs10,887,800/- receivable under the sale. However, the company had not accounted for its interest in the land as required by Paragraph 21 of IFRS 11, which states that a joint operator shall account for assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS s applicable to the particular assets, liabilities, revenues and expenses.</p> <p>Further, the Company has over the years disclosed the receivable balance of Kshs35,145,000/= in respect of the sale of land.</p>			

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	<p>However, the company lost contractual rights to receive cash from the initial buyer after the court ruling on the sale of the land to the informal settlers, thereby impairing the receivable. The company was therefore in contravention of Paragraph 5.4.4 of International Financial Reporting Standards (IFRS) 9 which states that an entity shall directly reduce the gross carrying amount of a financial asset in its entirety or a portion thereof .</p> <p>In the circumstances, accuracy and completeness of trade and other receivables balance of Kshs 36,007,000/= could not be confirmed.</p>			
Basis for Qualified Opinion	The financial statements have been prepared on a going concern basis. However, as disclosed in Note 5 (a) to the financial statements, the Board	The mandate of the company is to complete the sale of the remaining Closed Life Fund Assets and conclude all the pending court	Resolved	

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	<p>of Directors was mandated to spearhead conclusion of all outstanding court cases and to ensure winding up of the company and transfer of surplus assets to the National Treasury by 31<sup>st</sup> December 2024. This is an indication of intention to cease operations of the company. The financial statements as prepared and presented are therefore; in breach of the provisions of International Accounting Standard No. 1 (IAS 1). Paragraph 25 which requires Management to make an assessment of an entity's ability to continue as going concern and if Management concludes that an entity is not a going concern, the financial statements should not be prepared on going concern basis. In the circumstances, the Management was in</p>	<p>cases by 31<sup>st</sup> December 2024, subsequent to which the process of voluntary winding up of the company will be initiated. The company, therefore, remains a going concern until it formally begins its voluntary winding up process. The voluntary winding up process is, essentially, aspirational at this point in time. In the meantime, the company exists, as a going concern, to sell the remaining properties and conclude the court cases. That notwithstanding, the company's Financial Statements for the year 2023 have been prepared on a basis other than that of a going on concern, which includes where appropriate, restating the company's assets to net realizable value. The company has</p>		

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	breach of International Accounting standards.	<p>three assets, which are held at book value as follows:-</p> <ul style="list-style-type: none"> <li>a) The interest in Bamburi Plot (Kwa Bulu) which is held at the fair value less the costs of sale.</li> <li>b) Mortgage loans held at book value because the recovery is subject to determination of pending court cases.</li> <li>c) Investment Shares held in Consolidated Bank of Kenya Limited held at book value because the bank is not listed and is being considered for privatization.</li> </ul>		
Key Audit Matter	The statement of comparative budget and accrual amounts reflect final receipts budget and actual on comparable basis of Kshs 21,700,000 and	The core mandate of the company is to conclude pending court cases and sale of remaining Life Fund assets. The pending	Resolved	31 <sup>st</sup> December 2024

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>Kshs 2,869,000 respectively resulting to an under-funding of Kshs 18,831,05 87% of the Budget. Similarly, the company spent Kshs 16,822,000/- against actual receipts of Kshs 2,868,000/- resulting to a deficit (loss) of Kshs 13,953,000/=.</p> <p>The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>court cases relate to the sale of the remaining assets, mortgages, and rent and service charge arrears recoveries. The budget for the year 2023 made provision for expected recoveries for the sale of the mortgage securities and the expenditure in settling of legal fees at the conclusion of the court cases. However, due to the busy court diaries the cases were not concluded as envisaged. Two mortgage recoveries in particular were near conclusion as judgment had already been entered but execution of the decrees was not completed in 2023. Subsequent litigation in the cases delayed collection of the budgeted amounts and Management has no control of the court</p>		

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		process hence the deficit in income and in the budgeted figures.		

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

Signature:

*Tabitha Mwaniki*  
*24/06/2025*

Date:

Handwritten text, possibly a signature or date, oriented vertically.