


REPUBLIC OF KENYA



*Enhancing Accountability*

 THE NATIONAL ASSEMBLY <b>REPORT PAPERS LAID</b>	
DATE: 14 MAR 2025	DAY: FRIDAY
TABLED BY: <b>OF</b>	DEPUTY MAJORITY LEADER CHON. OWEN BAYA, MP) IRENE NDUKUI

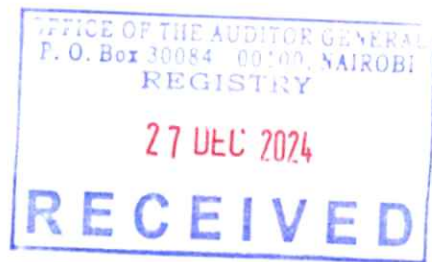
PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL ENTREPRENEURS  
TRUST PLC**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST Plc**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST Plc**  
**Annual Report and Financial Statements for the period ended June 30, 2024**

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## **1. Acronyms and Glossary of Terms**

### **A: Acronyms**

BETA	Bottom-Up Economic Transformation Agenda
BOT	Board of Trustees
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
DG	Director General
FIF	Financial Inclusion Fund
FY	Financial Year
GDP	Gross Domestic Product
HR	Human Resources
ICPAK	Institute of Certified Public Accountants of Kenya
IPRS	Integrated Population Registration System
IPS	Investment Policy Statement
IPSAS	International Public Sector Accounting Standards
KFS	Kenya Forestry Services
KNEST	Kenya National Entrepreneurs Savings Trust
KRA	Kenya Revenue Authority
MNO	Mobile Network Operator
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFA	Pension Fund Administration
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PSSS	Public Service Superannuation Scheme
RBA	Retirement Benefits Authority

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SAFER	Supporting Access to Finance and Enterprise Recovery
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
TDR	Trust Deed and Rules
USSD	Unstructured Supplementary Service Data
WB	World Bank

**B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information**

### **a) Background information**

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

### **b) Principal Activities**

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

### **c) Directors**

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

1. Mr. Moezz Mahmood Mir - Chairman - Appointed on February 10, 2023
2. Ms. Rose Musonye Kwena - Chief Executive - Appointed on July 9, 2022
3. Ms. Ruth Jerotich Bungei - Appointed on February 10, 2023
4. Mr. Tom Ayieko Okundi - Appointed on February 10, 2023
5. Mr. Louis Karisa Yaa - Appointed on February 10, 2023
6. Ms. Racheal Putani Leyian - Appointed on February 10, 2023
7. Ms. Martha Opisa Okochil - Appointed on February 10, 2023
8. Ms. Maria Goretti Nyariki, MBS - Alternate to Attorney General
9. Mr. Michael Alfred Kagika, EBS -Alternate to Cabinet Secretary  
National Treasury
10. Ms. Jemimah Mwaniki King - Appointed on February 2, 2024

### **d) Corporate Secretary**

Ms. Jemimah Mwaniki King  
P.O. Box 42529  
GPO 00100  
Nairobi, KENYA

**e) Registered Office**

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

**f) Corporate Headquarters**

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

**g) Corporate Contacts**

Telephone: (254) 020 2252299  
E-mail: [info@knest.go.ke](mailto:info@knest.go.ke)  
Website: [www.knest.go.ke](http://www.knest.go.ke)

**h) Corporate Bankers**

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


**i) Independent Auditors**

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

**j) Principal Legal Advisers**


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

**3. The Board of Directors**


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

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		<p>Compact and UN Women, that provides businesses with guidance on how to promote gender equality and women's empowerment in the work place, market place and community and he attained awards for the bank including Excellence in Customer Experience, Excellence in Enterprise Information Technology, Best Bank in Women Banking Awards, 2<sup>nd</sup> Place in promoting gender inclusivity.</p> <p>Mr. Mir worked at the KCB Group Limited where he served as Director Corporate Banking, KCB Bank Kenya Limited from November 2016 to September 2018, Managing Director, KCB Bank, Tanzania Limited from August 2011 to October 2016 and Director Corporate Banking, KCB Bank Tanzania Limited, from April 2011 to July 2011.</p> <p>Moezz served on the Governing Council of the Kenya Bankers Association and has previously served as a Member of the Governing Council of Tanzania Bankers Association while working in Tanzania. He is also an active Member of the Young Presidents' Organization (YPO).</p> <p>Moezz's educational background and qualifications have complemented his leadership experience; thus creating an impact in the roles he has held over time. Moezz holds a BA (Hons.)</p>
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		<p>Degree in Economics from Kingston University, London; a Higher National Diploma in Business and Finance from the Middlesex University London; and has attended the Global Executive Development Program (GEDP) from the Gordon Institute of Business Science, Pretoria.</p> <p>Mr Mir’s recent recognitions include</p> <ul style="list-style-type: none"> <li>• Top 25 Most Influential CEOs impacting business in 2023 by Business Monthly East Africa.</li> <li>• Finalist for the African Banker of the Year Award 2023 by African Banker Magazine.</li> <li>• Top 60 Most Transformative CEOs impacting the economy in 2023 by Business Monthly East Africa.</li> </ul>
2.	 <p>Ms. Ruth Jerotich Bungei          Independent Non-Executive Director          Appointment Date: February 10, 2023</p>	<p>Ruth Jerotich Bargogoi Bungei was born in 1983. She holds a Masters of Business Administration in Finance and Accounting from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce degree (Accounting Option) from Egerton University. She has a Certificate in Certified Public Accounting (CPA) Part I Section 2 and an Accounting Technicians Certificate I and II.</p> <p>With over 10 years of Experience, she has had an array of specialization ranging from Finance,</p>

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		<p>Taxation, Accounting, Auditing, and Management among others. She has published a journal on Accounting and Finance areas. She has worked in Private sector and rose to the rank of management accountant.</p> <p>Ruth is a Director at the board of Kenya National Entrepreneurs Savings Trust (KNEST) Plc where she chairs the Committee on Finance, Human Resources and Mobilization.</p>
3.	 <p>Mr. Tom Ayieko Okundi          Independent Non-Executive Director          Appointment Date: February 10, 2023</p>	<p>Mr. Tom Okundi was born in 1969. He holds a Bachelor of Law Degree from The University of Nairobi and a postgraduate Diploma in Law from Kenya School of Law.</p> <p>Mr. Okundi has over twenty seven years of experience in private legal practice involving several areas including but not limited to civil litigation, conveyancing law, Commercial, Insurance and Arbitration, and has during the period represented various clientele including insurance companies, Banks, Embassies, High Commissions, Non-Governmental Organizations, Individuals, various limited liability companies, Business ventures and cooperative societies. He is a member of the Law Society of Kenya, East African Law Society, Kenya National Chamber of Commerce and Industry (KNCCI) amongst other professional</p>

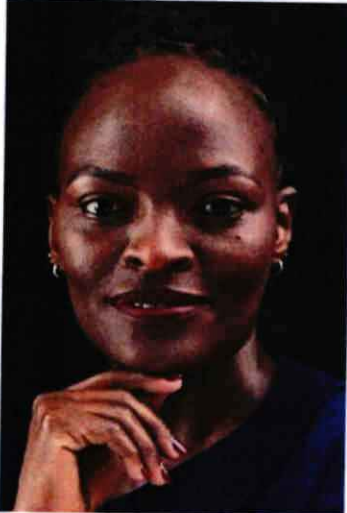
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		<p>and Business bodies. He is presently a practising Advocate and the Managing Partner of Okundi &amp; Co. Advocates.</p> <p>Mr. Okundi chairs the Investment, Strategy and Benefits Committee of the KNEST Plc Board of Directors.</p>
4.	 <p>Mr. Louis Karisa Yaa          Independent Non-Executive Director          Appointment Date: February 10, 2023</p>	<p>Mr. Louis Karisa Yaa was born in 1972. He is a career banker in the fields of Financial Markets, Treasury &amp; Foreign Exchange, Strategy and Investments Management having served in leading commercial banks at senior management levels spanning over fifteen (15) years.</p> <p>Mr. Yaa brings on board valuable expertise and focus in corporate governance, financial markets regulation and unique perspectives in complex financial engineering and structuring, covering enhanced financial markets solutions, Investments and Treasury products management.</p> <p>He has previously worked in the Kenyan banking industry with The Cooperative Bank of Kenya and The KCB Bank Group Ltd.</p> <p>Mr. Yaa holds a Masters of Strategic Management degree from Daystar University Nairobi, Bachelor of Commerce degree from</p>

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		<p>Kenyatta University, Nairobi and, is an Associate of the Kenya Institute of Bankers (AKIB).</p> <p>Mr. Yaa chairs the Audit and Risk Committee of the KNEST Plc Board of Directors.</p>
5.	 <p>Ms. Racheal Putani Leyian          Independent Non-Executive Director          Appointment Date: February 10, 2023</p>	<p>Ms. Racheal Leyian was born in 1982. She holds a Bachelor of Arts degree from the University of Nairobi. She has over 10 years' experience as a community mobilizer having worked and partnered with non-governmental organizations. Racheal has a passion for empowerment of communities and marginalized groups of the society.</p>
6.	 <p>Ms. Martha Opisa Okochil          Independent Non-Executive Director          Appointment Date: February 10, 2023</p>	<p>Ms. Martha Okochil was born in 1995. She is an accomplished financial accountant with extensive experience in accounting, group reporting, budgeting, and analysing financial statements for the purpose of providing insightful recommendations. With over four years of service at Britam Holdings Plc, she has developed a wealth of knowledge about the insurance industry, as well as an in-depth understanding of complex accounting practices and regulations across multiple countries in Africa including Kenya, Uganda, Malawi,</p>

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		<p>Mozambique, South Sudan, Rwanda, and Tanzania.</p> <p>Ms. Martha holds a Bachelor of Commerce degree in Finance from Strathmore University, where she gained a solid foundation in finance and accounting. Additionally, she is a certified Financial Modelling and Valuations Analyst from Corporate Finance Institute. Ms. Martha is dedicated to helping organizations achieve their financial goals and utilizes her technical knowledge and practical experience to analyse financial data and identify trends, variances, and opportunities critical to the growth and sustainability of the business.</p>
7.	 <p>Ms. Maria Goretti Nyariki, MBS  Alternate, Attorney General  Appointment Date: September 27,  2021</p>	<p>Ms. Maria Goretti Nyariki, MBS was born in 1972. She is an Advocate of the High Court of Kenya with 23 years post admission experience. She is a corporate governance expert with passion in good corporate governance practices. She is an accredited governance Auditor.</p> <p>Ms. Maria is an Arbitrator and a member of the Chartered Institute of Arbitrators. She is a Mediator who is an accredited Court Annexed Mediator.</p> <p>Ms. Maria is a Certified Public Secretary and a Notary Public.</p>



Mr. Michael Alfred Kagika, EBS  
 Alternate, Cabinet Secretary National  
 Treasury  
 Appointment Date: November 9, 2021

Mr. Michael Alfred Kagika, EBS was born in 1969. He joined the Public Service in 1992 in the administration cadre. He has accumulated over Thirty (30) years of progressive experience in leadership and management in the Public Service. His tour of duty has seen him work as a District Commissioner (DC), Chief Executive Officer of the Rent Tribunal, Administrator in the Ministry of Public Works and Housing, Social Secretary and Administrator at both State House and the Cabinet Office and Chief Executive Officer and Secretary of the Constitutional Power of Mercy Advisory Committee. Currently Mr. Kagika holds the office of Pensions Secretary / Director of Pensions, a position he was appointed to in October 2019. Mr. Kagika is a certified Trustee.

He holds a Bachelor's Degree in Public Administration, Master in Public Administration degree and an array of Diplomas and certifications in Management from both local and foreign institutions including Kenya School of Government (Kabete), Entrepreneurial Development Institute of India (India), East and Southern African Management Institute (ESAMI) Tanzania, Civil Defence Academy (Singapore) and Centre of Excellence for Stability Police Units (Italy).

8.

		<p>During his term at the Advisory Committee on Mercy Mr. Kagika contributed greatly to the emergent jurisprudence in the criminal justice through research and involvement in Taskforces on the management of capital offences and capital offenders.</p> <p>In the year 2017, Mr. Kagika was honoured with the award of the Order of the Elder of Burning Spear (EBS) in recognition of his distinguished public service.</p> <p>At the National Treasury Mr. Kagika is pivotal in the transformation agenda of the Ministry, under the steership of the Hon Cabinet Secretary for National Treasury and Planning and the Principal Secretary that aims at making the public service pension sector a vibrant, well-resourced and sustainable sector. Mr Kagika was instrumental in the recently introduced Public Service Superannuation Scheme which today boasts an asset value of over 40 billion shillings in under two years.</p> <p>Mr. Kagika also serves as a Board Member in the following organizations; The Kenya Development Corporation, The Public Service Superannuation Scheme and the Kenyatta National Hospital (KNH).</p>
9.		




Ms. Rose Musonye Kwena  
Chief Executive Officer  
Appointment Date: July 9, 2022

Ms. Rose Kwena was born in 1961. She is the Chief Executive Officer, Kenya National Entrepreneurs Savings Trust Plc since 9th July 2022.

Rose is an accomplished micro-pensions expert with over 30 years working experience attained in various fields cutting across marketing, communications, education and financial literacy. She has spent over 15 years in the informal sector pensions space mainstreaming informal sector in financial inclusion, having previously worked at Kenya Tourist Board where she promoted Kenya as a preferred tourist destination. She served in a number of leadership positions over the years as: Chief Manager, Corporate Communications (RBA), Country Coordinator, International Network on Financial Education at OECD (2010 – 2019), Head, Micro-Pensions Unit (National Treasury, 2019-2021), Acting CEO, KNEST Plc (Nov 2021-July 2022). She identified the elusive informal sector workers and helped to establish MBO pension scheme (the first informal sector pension scheme in the world) in 2009, and while heading the Trustee Training function at RBA, she spearheaded the development of Trustee Development Program - Kenya (TDPK) in collaboration with Humber College (Canada),

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		<p>College of Insurance and Association of Retirement Benefits Schemes in 2012.</p> <p>Rose holds a Master of Science degree in Corporate Communications (with an emphasis in Marketing) from Lindenwood University, USA and a Bachelor of Arts (Political Science and Arabic) from University of Nairobi. She is an Associate of Toronto Leadership Centre, member of International Association of Business Communicators and Marketing Society of Kenya (MSK) 2010 Warrior. She has certification from Trustee Development Program - Kenya (TDPK), PROSCI Change Management and Centre for Corporate Governance.</p>
10.	 <p>Ms. Jemimah Mwaniki King          Ag. Corporation Secretary and General Manager, Legal Services          Appointment Date: February 2, 2024</p>	<p>Ms. Jemimah Mwaniki King was born in 1975. She is the Manager, Legal Services at the Insurance Regulatory Authority. She is an Advocate of the High Court of Kenya and a Certified Secretary. She has vast experience as a Legislative and Policy-Maker, and also as a Regulator in the insurance industry. She is the Secretary of the East African Insurance Supervisors Association (EAISA), a position in which she has served for 13 years. She is a member of the Institute of Certified Secretaries of Kenya, the Law Society of Kenya, the</p>

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		Institute of Directors and the Chartered Institute of Arbitrators, London.
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**4. Key Management Team**

No.	Management	Details
1.	 <p data-bbox="359 952 718 1052">Ms. Rose Musonye Kwena Chief Executive Officer</p>	<p data-bbox="1069 380 1508 1075">Ms. Rose Kwena holds a Master of Science degree in Corporate Communications (with an emphasis in Marketing) from Lindenwood University, USA and a Bachelor of Arts (Political Science and Arabic) from University of Nairobi. She has certification from Trustee Development Program - Kenya (TDPK), PROSCI Change Management and Centre for Corporate Governance.</p>
2.	 <p data-bbox="351 1601 1037 1758">Ms. Jemimah Mwaniki King Ag. Corporation Secretary and General Manager, Legal Services</p>	<p data-bbox="1061 1108 1508 1758">Ms. Jemimah Mwaniki King is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Management and Leadership degree from the Management University of Africa, a Bachelor of Law degree from the University of Mangalore, India and a postgraduate Diploma in Law from the Kenya School of Law.</p>


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3.	 <p>Dr. Dunstone Ulwodi          General Manager, Fund Management</p>	<p>Dr. Dunstone Ulwodi is a consummate economist who holds a Doctorate in Economics, a Master of Arts degree in Economics, a Master of Science degree in Populations Studies and a Bachelor of Education degree all from the University of Nairobi</p>
4.	 <p>Mr. Alex Kipkemboi Tum          Ag. General Manager, Marketing and Benefits Administration</p>	<p>Mr. Alex Kipkemboi Tum is an accomplished professional with a unique blend of experience in both the medical and journalism fields. He holds a Registered Nurse degree from Excelsior College in Albany, New York and a Bachelor of Public Administration and Governance from the Mount Kenya University.</p>
5.		<p>Mr. Ben K. Kipanga is a highly versatile leader in the field of research &amp; policy analysis. He holds a Master of Arts degree in</p>

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	<p>Mr. Ben K. Kipanga          Ag. General Manager, Research Planning and Business Development</p>	<p>Economics and a Bachelor of Arts degree in Economics both from the University of Nairobi.</p>
6.	 <p>Mr. Mutiga Wanjau          Ag. Manager, Finance and Accounts</p>	<p>Mr. Mutiga Wanjau is a Certified Public Accountant of Kenya (CPA-K). He holds a Master of Business Administration degree in Strategic Management from the United States International University Africa (USIU-A) and a Bachelor of Commerce degree from the Catholic University of Eastern Africa.</p>
7.	 <p>Mr. Amos Simpion Mpoye          Ag. Manager, Human Resources and Administration</p>	<p>Mr. Amos Simpion Mpoye is an accomplished Human Resources professional. He holds a Bachelor of Education Arts degree from Kenyatta University and a Higher Diploma in Human Resources from the College of Human Resource Management.</p>
8.		<p>Ms. Judith Omachar is a Certified Public Accountant of Kenya (CPA-K). She holds a Bachelor of Commerce degree (Accounting Option) from the University of Nairobi and a</p>

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	 <p>Ms. Judith Omachar          Ag. Manager, Investment and Financial Analysis</p>	<p>certification from Trustee Development Program - Kenya (TDPK).</p>
9.	 <p>Mr. Stanslus Jira Mwayongo          Ag. Manager, Supply Chain Management</p>	<p>Mr. Stanslus Jira Mwayongo is a highly experienced and competent supply chain management professional. He holds a Master of Science degree in Procurement and Logistics and a Bachelor of Purchasing and Supplies Management degree both from the Jomo Kenyatta University of Agriculture &amp; Technology. He is a member of the Kenya Institute of Supplies Management.</p>

**5. Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Ms. Rose Musonye Kwena

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No.	Designation	Name
2.	Ag. Corporation Secretary and General Manager, Legal Services	Ms. Jemimah Mwaniki King
3.	General Manager, Fund Management	Dr. Dunstone Ulwodi
4.	Ag. General Manager, Marketing and Benefits Administration	Mr. Alex Kipkemboi Tum
5.	Ag. General Manager, Research Planning and Business Development	Mr. Ben K. Kipanga
6.	Ag. Manager, Finance and Accounts	Mr. Mutiga Wanjau
7.	Ag. Manager, Human Resources and Administration	Mr. Amos Simpion Mpyoe
8.	Ag. Manager, Investment and Financial Analysis	Ms. Judith Omachar
9.	Ag. Manager, Supply Chain Management	Mr. Stanslus Jira Mwayongo

## 6. Fiduciary Oversight Arrangements

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

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

### Finance, Human Resource and Mobilization Committee

1. Ms. Ruth Jerotich Bungei (Chair)
2. Ms. Racheal Putani Leyian
3. Ms. Martha Opisa Okochil
4. Ms. Maria Goretti Nyariki, MBS (Alternate to the Attorney General)
5. Mr. Michael Alfred Kagika, EBS (Alternate to Cabinet Secretary, National Treasury)

### Audit and Risk Committee

1. Mr. Louis Karisa Yaa (Chair)
2. Ms. Maria Goretti Nyariki, MBS (Alternate to the Attorney General)
3. Mr. Tom Ayieko Okundi
4. Mr. Michael Alfred Kagika, EBS (Alternate to Cabinet Secretary, National Treasury)
5. Ms. Racheal Putani Leyian

### Investment, Strategy and Benefits Committee

1. Mr. Tom Ayieko Okundi (Chair)
2. Ms. Martha Opisa Okochil
3. Ms. Ruth Jerotich Bungei
4. Mr. Louis Karisa Yaa

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5. Ms. Maria Goretti Nyariki, MBS (Alternate to the Attorney General)
6. Mr. Michael Alfred Kagika, EBS (Alternate to Cabinet Secretary, National Treasury)

**7. Chairman's Statement**

On behalf of the Board of KNEST Plc, I am pleased to present the Annual Report and Financial Statements for the financial year ending June 30, 2024. KNEST Plc is a State Corporation established as a public limited company under the Companies Act to provide trustee services to KNEST pension scheme established under an irrevocable trust and registered by the Retirement Benefits Authority (Registration No. 01742) as an individual pension plan. KNEST is a national pensions scheme under Bottom-Up Economic Transformation Agenda (BETA) for all the marginalised informal sector workers in Kenya and is incubated in the National Treasury. Further, KNEST's mandate was expanded to anchor the savings component of the Financial Inclusion Fund (FIF) - "*Hustler Fund*" during the year under review.

During the financial year 2023/2024 KNEST Plc achieved the following key milestones despite its infancy; Effective deployment and secondment of suitable personnel to critical positions within the Corporation which has greatly enhanced the operational capacity; Board induction and training, Signing of the Performance Contract, Approved Board Committee Audit Charter, Acquisition of office space, On-boarding of service providers, Development of member on-boarding and access platform, Approved Human Resource Instruments, and the Development of scheme governance policies. In addition, the Board has maintained oversight of resource management and utilization.

During the period under review, some of the challenges which impacted the operations of the Corporation include; budget constraints and delayed launch and roll out of KNEST. Despite these challenges, KNEST Plc remains committed to navigating these complexities and advancing our mission to provide affordable, secure and convenient pension services. Looking ahead, the Corporation will undertake prudent utilization of the allocated budget to build trust and confidence in its operations.

I extend my sincere appreciation to all stakeholders, particularly The National Treasury, the Office of the Attorney General, the Retirement Benefits Authority, the State Corporations Advisory Committee and the elected leaders of the Informal Sector Associations for the support and contribution towards the establishment and operationalisation of KNEST Plc.



*for* **Mr. Moezz Mahmood**  
**Chairman of the Board of Directors**

## **8. Report of the Chief Executive Officer**

It is with great pleasure that I present to you KNEST Plc's Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2024. As a Trust Corporation, we continue with our quest to make KNEST a novel scheme tailored towards meeting the unique and heterogenous needs of more than 17 million informal sector workers. The pension scheme leverages technology to provide a sustainable model that combines long term savings with short term needs. We are committed to providing an affordable, secure and convenient pension service to this critical segment that constitutes 80 percent of the total workforce and contributes about 34 percent of the Gross Domestic Product and yet it is excluded from the existing pension arrangements. The Corporation therefore, is committed to fostering a collaborative and all-inclusive approach to deliver a unique, customer focused pension solution to the marginalized informal sector workers.

### **Operationalization of KNEST Plc**

During the year, KNEST Plc enhanced its capacity through deployment and secondment of personnel to augment the already existing staff. The capacity building of staff was undertaken to equip them with the relevant skills and competencies to enable them operationalize KNEST Plc and the scheme. KNEST Plc also engaged Service Providers as required by the Retirement Benefits Act to offer services to the scheme. In addition, customer facing channels were developed to facilitate enrollment of members namely the USSD \*500#, KNEST App and KNEST Web Portal. The customer facing services and channels were on-boarded on the E-Citizen platform. Further, KNEST engaged its stakeholders to review its Trust Deed and Rules (TDR) and Investment Policy Statement (IPS) to accommodate the savings component of the FIF and make the TDR customer centric in line with our re-engineered business processes.

### **Work Environment**

In order to create a conducive work environment, KNEST Plc was allocated office space by the National Treasury at the National Bank Building, 17<sup>th</sup> floor during the financial year 2023/2024. The Corporation has continued to invest in office equipment to facilitate its operationalization.

### **Challenges**

Despite the achievements of the Corporation in initiating and sustaining efforts to extend pension coverage to the marginalized informal sector workers, there have been challenges in equal measure that undermine the full operationalization of the scheme. Some of these challenges include: budget constraints and inadequate staffing. To address these challenges, the Corporation undertook the following measures: Financial Management and Prudent Resource Utilization; Building Trust and Enhancing Transparency; Continuous Service Delivery Improvement and Adaptation; Recruitment and Continuous Professional Development.

### **Financial Performance**

During the period under review, KNEST Plc recorded revenue of Kshs 150,531,814 being funding from the National Treasury and recurrent expenditure of Kshs 130,003,853 resulting in a surplus of

Kshs 20,527,961. The surplus was mainly attributable to savings in marketing and promotional expenditure due to the fact that the KNEST Scheme was not rolled out thereby limiting outlay to purchase of merchandise; and savings in personnel emolument costs for deployed and seconded staff arising from actual expenses being lower than budgeted. Capital expenditure for the period under review was Kshs 41,353,380 representing investment in motor vehicles, equipment, furniture and fittings.

#### **Outlook for the Future**

KNEST Plc is expected to be viable and sustainable within the next three to five years with the projected roll out and the envisaged growth in the membership in the pension scheme by 500,000 members with a contribution of Kshs 1.5 billion annually. This will majorly be driven by the implementation of the measures in the strategic plan to be finalized by December 2024.

#### **Conclusion**

I wish to take this opportunity to thank the KNEST Plc Board, management and staff for their leadership, teamwork and commitment to the realization of the mandate of the institution during the year under review. Finally, I wish to particularly appreciate the support of our parent ministry the National Treasury for their support and guidance.

Thank you very much. God bless you.



**Rose Musonye Kwena**  
**Chief Executive Officer**

**9. Statement of Performance against Predetermined Objectives for FY 2023/24**

During the financial year under review, KNEST Plc endeavoured to develop its strategic plan and by 30<sup>th</sup> June 2024, the consultant had been procured and a kick off meeting held. The development of the strategic plan will be finalised in the financial year 2024/2025. KNEST Plc therefore implemented its annual workplan with an aim to attain a vision of “*A dignified life in old age for marginalized informal sector workers*” with a mission of “*To provide an infrastructure that supports affordable, secure and convenient pension arrangement to marginalized informal sector workers*”. The annual work plan focused on the following key pillars:

- a) **Pension Coverage and Savings:** KNEST Plc aims to extend pension coverage to over 17 million marginalised informal sector workers who are currently underserved and are not covered in any pension arrangement. KNEST Plc targets to prudently manage and invest the savings to achieve reasonable returns for the members. The Corporation also targets to inculcate a savings culture through behavioural change. KNEST Plc intends to achieve this by leveraging on technology and innovative products. KNEST Plc will therefore rely heavily on research in order to ensure development of innovative solutions and products.
- b) **Governance:** KNEST Plc aims to build confidence and trust among the informal sector workers by strengthening the governance structures. KNEST Plc aims to put in place policies, rules and guidelines to guide its smooth operations of the Corporation and the scheme.
- c) **Operational Excellence** which aims at providing affordable, secure, convenient, efficient and effective products and services to our customers and stakeholders through exceptional customer service delivery. This is expected to be achieved through digitalisation, innovation, business process re-engineering, knowledge management and capacity building. The Corporation also aims to achieve operational excellence by putting in place a robust Monitoring, Evaluation and Reporting framework and improving access to and reach of its services.

During the financial year under review, the Corporation implemented its first Performance Contract for the period 2023/2024. The performance targets were aligned with the national development agenda - Bottom-Up Economic Transformation Agenda (BETA), Medium Term Plan IV and the KNEST Plc Annual Workplan. The performance and achievement during the period are as stated in Table 7.1 below.

**Table 7.1: KNEST Plc performance against predetermined objectives for financial year 2023/24**

<b>Strategic Pillar/Theme</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Key Achievements</b>
Pension Coverage and Savings	Increase the aggregate savings by Kshs 1.5 billion	Assets under Management	Collaborate with informal sector associations to on-board members to save for retirement	Reviewed Trust Deed and Rules to make it customer centric  Reviewed Terms of Reference of the Advisory Council members

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
	Enhance pension coverage by enrolling 500,000 members	Number of Members enrolled	<p>Collaborate with informal sector associations to on-board members</p> <p>Promote awareness on pension saving among the informal sector workers</p>	<p>Reviewed Investment Policy Statement</p> <p>Collaborated with informal sector associations and advisory council to develop innovative platforms, USSD, Mobile App and web portal to facilitate members to enrol and save for retirement.</p> <p>The Corporation created public awareness through various forums including during the launch of the Women Economic Empowerment and Investment Curriculum forum in Masinde Muliro University grounds, Kakamega held on 29<sup>th</sup> May 2024, TV Shows and educated members in 33 counties while undertaking a baseline survey.</p> <p>The video on launch of the Women Economic Empowerment and Investment Curriculum is presented in the link: <a href="https://youtu.be/eUz9UtQDkX0?si=QTNMbSTiOq4O4yhk">https://youtu.be/eUz9UtQDkX0?si=QTNMbSTiOq4O4yhk</a></p> <p>The Corporation also sensitized the members of the public on KNEST and the need to save for retirement during the tree growing in Kinale, Kiambu.</p>

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<b>Strategic Pillar/Theme</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Key Achievements</b>
	Enhance Product Development	No. of Research papers	Undertake a baseline survey	During the financial year, KNEST Plc carried out a baseline survey to gauge the perception and confidence level of the KNEST pension products. The survey findings indicated that 88.7% of the respondents had not heard of KNEST scheme but 90.6% indicated that their willingness to join the KNEST scheme. The average rating on the confidence level on a rating of 1-10, where 10 being extremely confident while 1 being not confident, was 5.9 translating to a confidence level of 59%.
Governance	Strengthen the KNEST Plc and Scheme governance	No. of Scheme Governance Policies Developed	Develop Scheme Governance Policies	During the period under review, KNEST Plc developed and approved four scheme governance policies as part of statutory compliance with the retirement benefits regulations and good governance guidelines, namely: a) Appointment and Resignation policy; b) Training and Development policy; c) Conflict of Interest policy; and, d) Code of Conduct Policy
	Strengthen the KNEST Plc Governance	Strategic Plan Developed	Develop the KNEST Plc Five Year Strategic Plan	During the financial year, KNEST Plc procured the consultant to develop the inaugural five-year Strategic Plan and held the kick off meeting to agree on the deliverables.
Operational Excellence	Enhance Customer Experience	Turnaround time  Ease of access of KNEST Services	Digitalize KNEST customer facing services	KNEST Plc re-engineered and digitalised two customer facing services namely; enrolment of members and payment of claims.  Onboarded the digitalised services in the e-citizen platform. The services were onboarded in collaboration with e-citizen, Mobile Network Operators and Pesaflo.

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
				<p>Re-engineered the customer facing services in collaboration with the Public Service Transformation Department to ensure that it take into consideration the customer needs and expectations.</p> <p>Integrated the enrolment channels with Integrated Population Database System (IPRS) to enable KNEST customer service channels authenticate and validate member details via National ID/Passport details during registration step.</p> <p>In addition, KNEST Plc developed the Citizen Service Delivery Charter, Complaints Handling and Resolution Policy and the Access to Information Policy.</p> <p>KNEST Plc also developed the website <a href="http://www.knest.go.ke">www.knest.go.ke</a> and incorporated the KNEST web portal, complaints portal and pension calculator.</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
	Improve KNEST Plc Capacity	<ul style="list-style-type: none"> <li>• Number of Staff recruited</li> <li>• Number of staff trained</li> </ul>	Develop the Human Resource Instruments	<p>During the financial year under review, KNEST Plc reviewed the Human Resource Instruments to make them customer centric in line with the re-engineered business processes.</p> <p>KNEST Plc received eighteen (18) staff on deployment and secondment to complement the five (5) members of staff and operationalise the Corporation.</p> <p>Staff were equipped with the requisite skills and competencies to manage various functions of the Corporation.</p> <p>Further, KNEST Plc developed its productivity metrics as part of the efforts to improve and measure its productivity and performance.</p>

## **10. Corporate Governance Statement**

KNEST Plc is committed to mainstreaming best practices in corporate governance and business ethics. The Corporation has a duty of care to conduct affairs in a responsible and transparent way taking into account stakeholder requirements by ensuring that internal controls support the achievement of set objectives and implementation of policies to safeguard public funds and assets. The Board delegates the authority for day-to-day management of the Corporation to the Chief Executive Officer while it retains the overall oversight of the Corporation.

### **i) The Appointment, Retirement and Removal of the Board of Trustees**

The Board is the overall governing body of KNEST Plc appointed by the Cabinet Secretary responsible for the National Treasury and Economic Planning as per the Trust Deed and Rules that established KNEST. The Board is appointed for a term of three (3) years to oversee good governance. The Board consists of nine (9) members. The Chief Executive Officer sits in the Board as an ex-officio member. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- (a) Serves the appointing authority with a written notice of resignation; or
- (b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- (c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- (d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of Board; or
- (e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of Board.

Any removal of a Board member shall be through formal revocation of their appointment.

The Corporation Secretary ensures that a record of the appointment letter issued by the appointing authority, the gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

### **ii) The Role and Functions of the Board of Trustees**

- a) Provide the necessary controls to ensure that the Scheme is run prudently and that the members savings are secure.
- b) Hold, manage and administer the assets of the Scheme as per the Trust Deed, the Trust Rules and the relevant law.
- c) Ensure effective governance and prudent management of the Scheme assets.
- d) Give a true, honest and frank account of the benefits to the beneficiary.
- e) Keep proper books and records of account in respect to income, expenditure, liabilities and assets of the Scheme.

### **iii) Board Committees**

The Board has three (3) committees with distinct functions namely: -

- a) Finance, Human Resource and Mobilization;

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- b) Investment, Strategy and Benefits; and  
c) Audit and Risk Management.

Each Committee is headed by a chairperson appointed by the Board of Directors/Trustees.

**iv) Full Board and Committee Meetings**

The Board held regular, special and committee meetings in the financial year 2023/2024 as per the schedules below: -

**Table 1: Full Board Meetings for 2023/2024**

		14/9/23 (3 <sup>rd</sup> Regular)	8/11/23 (15 <sup>th</sup> Special)	15/1/24 (5 <sup>th</sup> Regular)	30/1/24 (16 <sup>th</sup> Special)	9/2/24 (17 <sup>th</sup> Special)	2/4/24 (18 <sup>th</sup> Special)	8/04/24 (19 <sup>th</sup> Special)	16/4/24 (6 <sup>th</sup> Regu)
1	Moezz Mirr	√	√	√	√	X	√	√	√
2	Ruth J.B Bungei	√	X	√	√	X	√	√	√
3	Tom A. Okundi	√	√	√	√	√	√	√	√
4	Martha O. Okochil	√	√	√	√	√	√	√	√
5	Rachel Leyian	√	√	√	√	√	√	√	√
6	Louis K. Yaa	√	√	√	√	√	√	√	√
7	Maria Goretti	√	√	√	√	√	√	√	√
8	Michael Kagika	√	√	√	X	√	√	√	√
9	Rose Kwena	√	√	√	√	√	√	√	√

**Table 2: The Finance, Human Resource and Mobilization Committee Attendance for 2023/2024**

	NAME	18/8/2023 (1 <sup>st</sup> Special)	8/9/2023 (1 <sup>st</sup> Regular)	13/9/2023 (2 <sup>nd</sup> Special)	9/10/2023 (2 <sup>nd</sup> Regular)	9/1/2024 (3 <sup>rd</sup> Regular)	25/1/2024 (3 <sup>rd</sup> Special)	8/2/2024 (4 <sup>th</sup> Special)	9/4/2024 (4 <sup>th</sup> Regular)
1	Ruth J.B Bungei	√	√	√	√	√	√	√	√
2	Rachel Leyian	√	√	√	√	√	√	√	√
3	Martha O. Okochil	√	√	X	√	√	√	√	√
4	Maria Goretti	√	√	√	√	√	X	√	√
5	Michael Kagika	√	√	√	√	√	√	√	√
6	Rose Kwena	√	√	√	√	√	√	√	√

**Table 3: Investment, Strategy and Benefits Board Committee Attendance for 2023/2024**

	NAME	7/9/2023 (1 <sup>st</sup> Regular)	6/10/2023 (2 <sup>nd</sup> Regular)	8/1/2024 (3 <sup>rd</sup> Regular)	9/4/2024 (4 <sup>th</sup> Regular)
1	Tom A. Okundi	√	√	√	√
2	Ruth J.B Bungei	√	√	√	√
3	Martha O. Okochil	√	√	√	√
4	Maria Goretti	√	√	√	√
5	Michael Kagika	X	√	√	√
6	Louis K. Yaa	√	√	√	√
7	Rose Kwena	√	√	√	√

**Table 4: The Audit and Risk Management Board Committee for 2023/2024**

	NAME	11/9/2023 (1 <sup>th</sup> Regular)	11/10/2023 (2 <sup>nd</sup> Regular)	11/1/2024 (3 <sup>rd</sup> Regular)	11/4/2024 (4 <sup>th</sup> Regular)
1	Louis K. Yaa	√	√	√	√
2	Rachel Leyian	√	√	√	√
3	Tom A. Okundi	√	√	√	√
4	Maria Goretti	√	√	√	√
5	Michael Kagika	x	√	√	√

**Key:**

√ = Attended

x = Not attended

**v) Remuneration of the Board**

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

The following shall apply:

**1. Chairman**

**(a) Monthly Honoraria**

A monthly taxable honorarium of up to a maximum of Kshs.80,000 may be paid to the Chairman.

**(b) Telephone Services for Chairman only**

(i) Mobile phone airtime; up to a maximum of Kshs.5,000 per month.

(ii) Land-line prepaid telephone card: up to a maximum of Kshs.2,000 per month.

**2. All Members**

**(a) Sitting Allowance**

A taxable sitting allowance of up to a maximum of Kshs.20,000/= per sitting may be paid to Chairman and members. In addition, sitting allowance may be payable when on official duty in and outside the country.

**vi) Conflict of Interest**

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

## **11. Management Discussion and Analysis**

### **Review of the Economy and the Pension Sector**

The Kenyan economy remained resilient in the financial year 2023/2024 despite various challenges that faced the country. Kenya's real Gross Domestic Product (GDP) growth rate was 5.6% in 2023 compared to growth rate of 4.9% in 2022. The positive growth was notable across most sectors of the economy. The retirement benefits sector also witnessed growth during the period. The assets under management stood at approximately Kshs 1.98 trillion as at June 2024. The schemes continued to invest heavily in government securities which accounted for 51.1 percent of the total assets under management. This was followed by guaranteed funds which accounted for 20.48 percent. Investments in immovable property and quoted equities accounted for 11.94 percent and 8.84 percent of the total assets under management respectively. There was mixed performance in the various assets during the period under review.

The pensions sector continued to be dominated by occupational schemes which primarily serve those in formal employment. The informal sector therefore remains underserved. This is the category that the KNEST pension scheme is targeting. In order to attract this segment, there is need to provide products that serve its unique and heterogeneous needs. In view of this, KNEST pension scheme will invest in Government securities which provide safe and guaranteed returns. The KNEST pension scheme intends to enrol 500,000 members and mobilize savings of Kshs 1.5 billion in its first year of roll out.

### **The entity's operational and financial performance**

KNEST Plc being a newly established State Corporation, is under incubation in the National Treasury and the Corporation's operational and financial performance is based on the approved budget for the financial year 2023/2024.

#### **i) Approved budget**

During the period, the Corporation's approved budget was Kshs 200,000,000. The Corporation received Kshs 157,350,992 being transfers from the National Treasury which was channelled towards operational and capital expenditure. The utilization at the National Treasury prior to funds transfer to KCB Operational Account in March 2024 was Kshs 26,903,907 representing recurrent expenditure (Kshs 24,301,808) and settlement of pending bills for financial year 2022/23 (Kshs 2,602,099).

#### **ii) Expenditure**

The total expenditure during the period under review amounted to Kshs 171,357,233 comprising of Kshs 130,003,853 recurrent expenditure and Kshs 41,353,380 capital expenditure.

### **Compliance with statutory requirements**

KNEST Plc is duly registered with KRA and the KNEST pension scheme with RBA. During the year under review, the Corporation complied with its statutory obligations to RBA, NHIF and NSSF. KNEST Plc is working towards full compliance with KRA.

**Key projects and investment decisions**

During the period under review, KNEST Plc acquired office space at the National Bank of Kenya building. In readiness for the roll out of KNEST products and services, the customer facing channels for the USSD \*500#, KNEST app were developed and integrated with the Integrated Population and Registration Services (IPRS) and eCitizen. With the support of the National Treasury through the World Bank's Supporting Access to Finance and Enterprise Recovery (SAFER) project, KNEST also procured the services of the main service providers including the Administrator, the Fund manager, the Custodian and the Legal Advisor. Additionally, the National Treasury procured consultants to develop the Corporation's first 5-year strategic plan and initiated the procurement of an integrated communication strategy consultant.

**Major risks facing the entity**

As the Corporation plans for launch of the scheme, various risks that may impact its operations and proper delivery of service have been identified, key among which are strategic risks, operational risks, reputational risks and liquidity risks. Management has undertaken various activities and put in place strategies to mitigate the risks including review of the TDR, review of the human resource instruments and development and approval of key organizational policies.

**Material arrears in statutory/financial obligations**

There were no material arrears in statutory and financial obligations as at 30<sup>th</sup> June 2024.

**The entity's financial probity and serious governance issues**

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

## **12. Environmental and Sustainability Reporting**

### **i) *Sustainability strategy and profile***

KNEST Plc recognizes the need to act responsibly, ethically and with integrity when dealing with all its stakeholders. The pension contributor, who is the customer, is a critical stakeholder without which the pension scheme, and by extension KNEST Plc would be non-existent. To that end, the following efforts, centred on the customer, are at various stages of implementation to ensure sustainability:

- a) The pension scheme is designed for voluntary pension contributions which implies that membership will be driven by belief in the product.
- b) In managing the pension scheme, KNEST Plc will prioritize the customer experience and journey, which goes way beyond conventional sales and marketing.
- c) There will be investment in a robust Pension Fund Administration (PFA) system that will create value to the customer and differentiate the KNEST from other pension schemes in the industry.
- d) The pension scheme is incubated in the National Treasury, and this arrangement provides a safe space for nurturing growth before financial and operational autonomy.
- e) A legal and governance framework will be developed to provide the pension scheme with a solid anchoring in law, and shield it from the effects of Government and political changes.

The sustainability efforts are informed by a market segment which is well informed, demanding, techno savvy and with a high deficit of trust. Furthermore, the largest portion of the population consists of the youth.

### **ii) *Environmental performance***

The Government launched a campaign to plant 15 billion trees in ten years from 2022 in a bid to achieve 30% tree cover in Kenya. KNEST Plc through its Performance Contracting targets was mandated to grow 30 trees per person per year.

#### ***Tree growing objectives***

The main aim of the Corporation's tree growing initiative is to increase forest cover. This will promote a sustainable solution to mitigate the adverse effects of climate change and reduce environmental degradation. Tree growing will support biodiversity by restoring and protecting ecosystems thereby providing habitats for numerous plant and animal species.

#### ***Achievements***

- a) Participation in the National Tree Planting exercise in November 2023.
- b) Partnering with Kenya Forestry Services (KFS) to plant 3,000 trees at Kinale Forest in Kiambu County in April 2024.
- c) Partnering with the National Treasury to plant trees in Machakos County in May 2024.

#### ***Way forward***

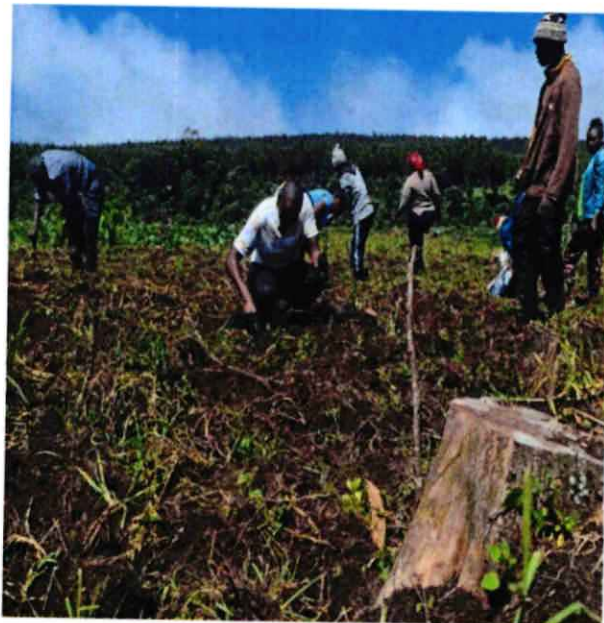
To effectively move towards the 30% tree cover, KNEST Plc must engage in community outreach programmes to foster a sense of environmental stewardship. Furthermore, these engagements will inculcate a mindset of environmental conservation among the youth and children.



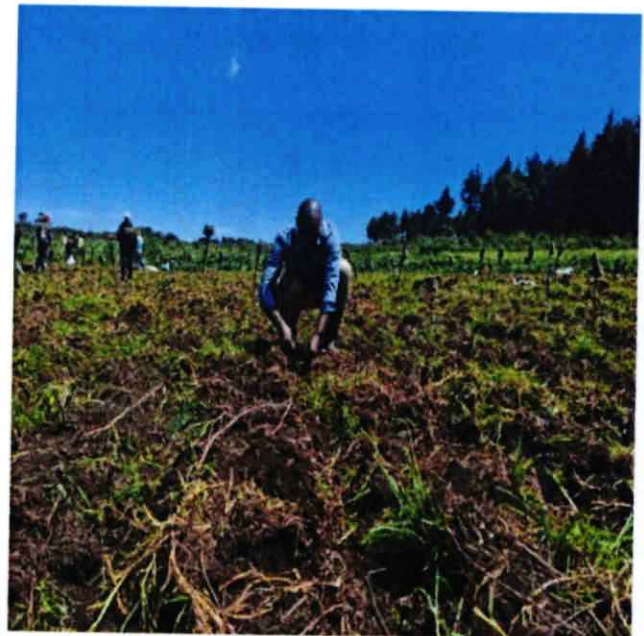
CEO planting trees in Machakos County



CEO with KFS officers at Kinale



Staff planting seedlings at Kinale Forest



Staff planting seedlings at Kinale Forest

**iii) Employee welfare**

KNEST Plc continues to take the welfare of its staff very seriously and as such has achieved the following:

- a) Approval of Human Resource Policy Manual 2023
- b) Conducted Job Evaluation Exercise in March 2024
- c) Reviewed Human Resource Instruments in July 2024
- d) Contracted AAR Insurance for staff medical cover
- e) Appointed staff to act as Head of Departments/Divisions
- f) Conducted staff training needs assessment.
- g) Trained and mentored staff on new skills in various areas.

**Key challenges**

- a) Budget constraints
- b) Lack of ICT equipment and accessories

**Future outlook & development**

- a) Diverse and Inclusive workforce
- b) Positive organization culture

**iv) Market place practices-**

**a) Responsible competition practice.**

- i. The KNEST pension scheme has Trust Deed and Rules (TDR), which is meant to ensure that the scheme achieves its vision and adheres to the highest standards of responsible business practices in its interaction with all stakeholders.
- ii. The HR instruments provide generally accepted rules that govern and regulate behaviour, relationships and actions of staff to ensure the pension scheme is run professionally with ethics and integrity.
- iii. The Board of Trustees (BOT) and the Senior Management are committed to the full implementation of the TDR and shall take all necessary measures to ensure that it is effectively enforced.
- iv. The Corporation's employees and service providers are expected to read and understand the TDR, uphold the rules and standards in the Code and comply with all applicable policies and procedures.
- v. The Human Resource Policies and Procedures require Political Neutrality. An employee of the Corporation should not engage in any political activity that may compromise or be seen to compromise the political neutrality of his office.
- vi. The Corporation conducted procurements in accordance with the law.

**b) Responsible Supply chain and supplier relations**

- i. The Corporation's procurement of goods, works and services is done in accordance to the Public Procurement and Asset Disposal Act 2015 and laid down rules and regulations.
- ii. The Corporation ensured prompt payment to its suppliers of goods and services.

**c) *Responsible marketing and advertisement***

- i. There is a TDR in place to ensure high standards of responsible business practices.

**d) *Product stewardship***

- i. The KNEST pension scheme has developed a Benefits Policy. The objective of this policy is provision of efficient and effective service delivery to members through timely and accurate processing and payment of benefits.
- ii. KNEST is commitment to transparency, accountability and stakeholder participation.
- iii. KNEST scheme leverages modern technology to register and enrol members through the following channels;
  - a) USSD code \*500#
  - b) Mobile app - KNEST scheme
  - c) Web portal

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

KNEST Plc's corporate social responsibility engagements for the year under review were aimed at increasing the forest cover.

The Corporation partnered with Kenya Forest Services (KFS) in a tree growing exercise and planted 3,000 trees at Kinale Forest during the financial year 2023/2024. There was need to enter into an agreement and adopt a larger area and KFS proposed Bungoma County for the financial year 2024/2025 which was informed by: an alarming high rate of shrinkage of previously forested areas, wood fuel and charcoal demand, inadequate funds set aside for conservation, population growth, expanding infrastructure and forest conversion for commercial agriculture. KNEST Plc plans to plant trees in areas that were previously forested and in areas with relatively good amounts of rainfall.

The Corporation is in the process of developing a legal framework to protect forests and promote tree growing in adopted Counties. The legal framework will be in line with the Kenya Forest Policy 2014, Land Act 2012, Forest Conservation and Management Act 2016 and the National Climate Change Responses Strategy.

**13. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the KNEST Plc's affairs.

**i) Principal activities**

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

**ii) Results**

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

**iii) Dividends**

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

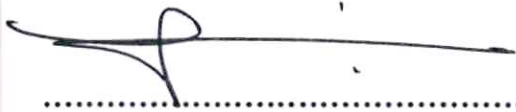
**iv) Directors**

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

**v) Auditors**

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

By Order of the Board



.....

**Jemimah Mwaniki King**

**Corporate Secretary**

**Date**

#### **14. Statement of Directors' Responsibilities**

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

The Directors are responsible for the preparation and presentation of the KNEST Plc's financial statements, which give a true and fair view of the state of affairs of the KNEST Plc for and as at the end of the financial year (period) ended on June 30, 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 KNEST Plc, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the KNEST Plc, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the KNEST Plc's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act.

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

The Directors are of the opinion that the KNEST Plc's financial statements give a true and fair view of the state of KNEST Plc's transactions during the financial year ended June 30, 2024, and of the KNEST Plc's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the KNEST Plc, which have been relied upon in the preparation of the KNEST Plc's financial statements as well as the adequacy of the systems of internal financial control.

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

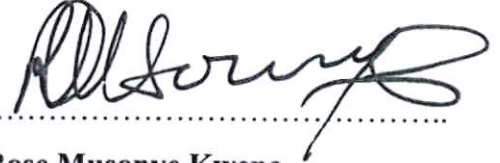
**Approval of the financial statements**

The KNEST Plc's financial statements were approved by the Board on 19<sup>th</sup> December 2024 and signed on its behalf by:



g.

**Moezz Mahmood Mir**  
**Chairperson of the Board**



**Rose Musonye Kwena**  
**Chief Executive Officer**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST PLC FOR THE YEAR ENDED 30 JUNE, 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 Entrepreneurs Savings Trust Plc set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive

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*Report of the Auditor-General on Kenya National Entrepreneurs Savings Trust Plc for the year ended 30 June, 2024*

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Entrepreneurs Savings Trust Plc as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Motor Vehicle Repairs**

The statement of profit or loss and other comprehensive income reflects administration costs of Kshs.130,003,853 as disclosed in Note 7 to the financial statements. Included in the amount is repairs and maintenance cost of Kshs.2,446,678 out of which Kshs.2,375,300 was in respect of repairs and maintenance of motor vehicles. However, support documents including pre- and post-inspection reports for Kshs.649,067 were not provided for review.

In the circumstances, the accuracy and completeness of motor vehicle repairs of Kshs.649,067 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects actual receipts and payments on a comparable basis of Kshs.181,652,800 and Kshs.118,435,100 resulting in under-utilization of Kshs.63,217,700 or 35% of the actual receipts.

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

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter 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 Management is responsible for the other information set out on page iv to xliii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular and Unapproved Board and Committee Meetings**

The statement of profit or loss and other comprehensive income reflects administration expenses of Kshs.130,003,853. Included in the amount is director's emoluments of Kshs.21,481,834. The following anomalies were noted:

- i. The director's emoluments were Kshs.21,481,834 against an approved budget of Kshs.18,388,400 resulting to an over-expenditure of Kshs.3,039,434 equivalent to 17% of the budget. However, the over-expenditure was not approved.
- ii. Further, the Board held twelve (12) full Board meetings during the financial year, comprising of four (4) ordinary board meetings and eight (8) special board meetings. The Management did not provide justification or approval from the Cabinet Secretary – The National Treasury for the extra meetings as required the Circular from the Head of the Public Service OP/CAB.9/A dated 11 March, 2020.

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

## **2. Slow Progress of Attainment of Entity Mandate and its Predetermined Objectives**

The Trust was incorporated on 9 December, 2021 and the Board members gazetted on 17th December same year. The Trust Deed and Rules signed on 12 November, 2021 identified the main purpose and objective of the Trust as provision of pension and other prescribed benefits for members upon their withdraw from the Scheme and relief for the dependents of deceased members in case of death. To meet the above purpose, the Trust shall hold the contributions paid to them by members and any other monies, investments and income and all lumpsums representing the same upon trust for the respective members for whose benefit such sums and other benefits are expressed to be payable in accordance with the scheme rules.

At the time of audit in November 2024, three (3) years since the incorporation, the Trust has not embarked on enrolling the public so as to achieve the mandate of provision of pension form members in the informal sector.

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

## **3. Late Submission of Financial Statements**

The financial statements for the Trust for the financial year 2023/2024 were submitted on 1 October, 2024 to the Office of the Auditor General for audit a day after the statutory timeline. This was in direct contravention of Section 68(2)(k) of the Public Finance Management Act, 2012 that gives a three-month allowance for preparation and submission of financial statements.

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

## **4. Failure to File Annual Returns with Registrar**

Review of the Trust's statutory compliance documentation revealed that the Trust, having been incorporated on 9 December, 2021 is yet to file any return with the registrar of companies in line with the requirements of Section 705 of the Companies Act, 2015.

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

The audit was conducted in accordance with ISSAI 3000 and 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 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 except for the matter described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages xli is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages 17 has been properly prepared in accordance with the Companies Act, 2015.

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 IFPP 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 December, 2024**

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST (KNEST)Plc**  
**Annual Report and Financial Statements for the Period Ended June 30, 2024**

**16. Statement of Profit/Loss & Other Comprehensive Income for the period ended 30 June 2024.**


<b>Description</b>	<b>Note</b>	<b>FY 2023-24</b>
		<b>Kshs</b>
<b>Revenues</b>		
<b>Other income</b>		
Grants from the national government	6	150,531,814
<b>Total revenues</b>		<b>150,531,814</b>
<b>Operating expenses</b>		
Administration costs	7	130,003,853
<b>Total operating expenses</b>		<b>130,003,853</b>
<b>Profit/(loss) before taxation</b>		20,527,961
<b>Income tax expense/(credit)</b>		-
<b>Profit/(loss) after taxation</b>		20,527,961

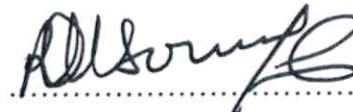
**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST Plc**  
**Annual Report and Financial Statements for the period ended June 30, 2024**


**17. Statement of Financial Position as at 30 June 2024**

Description	Note	FY 2023-2024
		Kshs
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	12	45,976,092
<b>Total Non-Current Assets</b>		<b>45,976,092</b>
<b>Current Assets</b>		
Inventories	13	21,045,500
Trade And Other Receivables	14	770,740
Bank And Cash Balances	15	21,864,319
<b>Total Current &amp; Non-Current Assets</b>		<b>89,656,651</b>
<b>Equity And Liabilities</b>		
<b>Capital And Reserves</b>		
Ordinary Share Capital 10,000,000 @ 1	16	-
Fair Value Adjustment Reserve	17	12,428,242
Retained Earnings	18	20,527,961
Capital Development reserve		33,547,850
<b>Capital And Reserves</b>		<b>66,504,053</b>
<b>Current Liabilities</b>		
Trade And Other Payables	19	19,030,999
Provisions	20	4,121,600
<b>Total Current Liabilities</b>		<b>23,152,599</b>
<b>Total Equity And Liabilities</b>		<b>89,656,652</b>

The financial statements were approved by the Board on 19<sup>th</sup> DECEMBER 2024 and signed on its behalf by:

  
 .....  
 Moezz Mahmood  
 Chairman of the Board

  
 .....  
 Rose Musonye Kwena  
 Chief Executive Officer

  
 .....  
 Mutiga Wanjau  
 Head of Finance  
 ICPAK M/NO 3597

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST (KNEST)Plc**  
**Annual Report and Financial Statements for the Period Ended June 30, 2024**

**18. Statement of Changes in Equity for the period ended 30 June 2024**

Description	Ordinary share capital Authorized 10,000,000	Fair value adjustment reserve	Retained earnings	Capital development reserve	Total
As at July 1, 2023	-	-	-	-	-
Fair value adjustment on transferred assets	-	14,855,106	-	-	14,855,106
Profit for the year	-	-	20,527,961	-	20,527,961
Capital/development grants received during the year	-	-	-	41,353,380	41,353,380
Transfer of depreciation/amortisation from capital fund to retained earnings	-	(2,426,864)	-	(7,805,530)	(10,232,394)
<b>At June 30, 2024</b>	-	<b>12,428,242</b>	<b>20,527,961</b>	<b>33,547,850</b>	<b>66,504,053</b>

Note:

1. Fair value adjustment reserve created to cater for the fair value of assets transferred from the National Treasury for the period under review.
2. Capital development reserve created to cater for the value of assets purchased and paid for in the period under review.

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST (KNEST)Plc**  
**Annual Report and Financial Statements for the Period Ended June 30, 2024**

**19. Statement of Cash Flows for the year ended 30 June 2024**

Description	Note	FY 2023-2024
		Kshs
<b>Cash flows from operating activities</b>		
<b>Cash generated from/(used in) operations</b>	22	63,217,699
<b>Net cash generated from/(used in) operating activities</b>		63,217,699
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		(41,353,380)
<b>Net cash generated from/(used in) investing activities</b>		(41,353,380)
<b>Increase/(decrease) in cash and cash equivalents</b>		21,864,319
<b>Cash and cash equivalents at beginning of year</b>		-
Effects of foreign exchanges rate fluctuations		-
<b>Cash and cash equivalents at end of the year</b>	15	21,864,319

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST (KNEST)Plc**  
**Annual Report and Financial Statements for the Period Ended June 30, 2024**

**20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Receipts</b>						
Transfers from National Treasury	200,000,000	-	200,000,000	181,652,800	18,347,200	91%
<b>Total Receipts</b>	<b>200,000,000</b>	<b>-</b>	<b>200,000,000</b>	<b>181,652,800</b>	<b>18,347,200</b>	<b>91%</b>
<b>Payments</b>						
Administrative costs	123,605,256	(12,856,186)	110,749,070	53,384,188	57,194,582	48%
Employee costs	45,303,544	14,356,186	59,659,730	41,122,400	18,707,630	69%
Remuneration of Directors	18,388,400	-	18,388,400	21,481,834	(3,093,434)	117%
Repairs and Maintenance	3,500,000	(1,500,000)	2,000,000	2,446,678	(446,678)	122%
<b>Total Payments</b>	<b>190,797,200</b>	<b>-</b>	<b>190,797,200</b>	<b>118,435,100</b>	<b>72,362,100</b>	<b>62%</b>
<b>Net Receipts/(Payments)</b>	<b>9,202,800</b>	<b>-</b>	<b>9,202,800</b>	<b>63,217,700</b>	<b>(54,014,900)</b>	<b>687%</b>

Budget notes

1. The budget utilization for use of goods and services was 48%. The underutilization was mainly attributable to the fact that the KNEST Scheme was not rolled out and therefore marketing and promotional spend was limited to purchase of merchandise, most of which was still in stock at the end of the financial year. In addition, KNEST Plc procured both medical and general insurance, whereby the actual premiums were at a lower level than that anticipated during budgeting.
2. The budget utilization for employee costs was 69%. This was caused by actual remuneration costs that were lower than budgeted estimates for staff deployed through State Corporations Advisory Committee (SCAC). Furthermore, approval from Public Service Commission (PSC) for seconded staff was granted in the 3rd quarter of the financial year following which KNEST Plc began meeting their remuneration costs. The budget however captured seconded staff payroll costs for the entire financial year.
3. The budget utilization for Remuneration of Directors was 117%. The overutilization was mainly attributable to sitting allowances of Kshs 2.6 million in respect of the previous board members which was paid in the financial year under review, and a higher number of board activities than estimated necessitated establishment of KNEST Plc as a new entity.
4. The budget utilization for Repairs and Maintenance was 122%. The overutilization was mainly attributable to increased usage of motor vehicles during official activities necessitating repairs and servicing at a higher level than expected.

**KENYA NATIONAL ENTREPRENEURS SAVINGS TRUST Plc**  
**Annual Report and Financial Statements for the period ended June 30, 2024**

5. *The net receipts for the period were 687% of budget. This was mainly attributable to savings in marketing and promotional spend; savings in personnel emolument costs; savings in medical and general insurance premiums. These savings were offset by overabsorption in Board expenses and shortfall in transfers from National Treasury.*
6. *The changes between original and final budget were made to accommodate the remuneration costs for staff who were deployed through SCAC in December 2023. These changes were done through reallocations and did not therefore raise the overall budget.*

**Reconciliation of actual amounts on comparable basis and actual amounts in the financial statements**

	Operating	Financing	Investing	Total
<b>Actual amounts on comparable basis as presented in the Budget and Actual Comparative Statement</b>	<b>63,217,700</b>	-	-	<b>63,217,700</b>
<b>Basis Differences:</b>				
Use of Goods and Services	(18,189,267)	-	-	(18,189,267)
Employee costs	(4,121,600)	-	-	(4,121,600)
Legal fees & charges	(234,620)	-	-	(234,620)
Depreciation	(10,232,394)	-	-	(10,232,394)
Inventory	21,045,500	-	-	21,045,500
Payables to staff	770	-	-	770
Amortised capital development reserve (capital grant)	(10,232,394)	-	-	(10,232,394)
Fair Value Adjustment Reserve for assets transferred from National Treasury	-	-	14,855,106	14,855,106
Capital Development Reserve for assets acquired through Capital Grant	-	-	33,547,850	33,547,850
<b>Total Basis Differences</b>	<b>(21,964,005)</b>	-	<b>26,438,951</b>	<b>26,438,951</b>
<b>Actual Amounts in the Financial Statements</b>	<b>41,253,695</b>	-	<b>48,402,956</b>	<b>89,656,651</b>

## **21. Notes to the Financial Statements**

### **1. General Information**

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

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

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

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

**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 30 June 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 entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

*The 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.*

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

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

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

- iii. **Early adoption of standards**

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

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

**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 entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

i) **Grants from National Government** are recognized in the year in which KNEST Plc actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) **Other income** is recognized as it accrues.

**b) Property, plant and equipment**

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

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

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

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

**Summary of Accounting Policies**

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

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Office Equipment	20% (useful life 5 years)
Motor vehicles, including motor cycles	20% (useful life 5 years)
ICT Computers and related equipment	33.3% (useful life 3 years)
Furniture and fittings	12.5% (useful life 8 years)

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

**d) 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.

**e) 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 KNEST Plc had no doubtful debts provided for in the period under review.

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

**Summary of Accounting Policies**

**f) 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 KNEST Plc 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 KNEST Plc 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.

**ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the

deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

**g) 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.

**h) Trade and other payables**

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

**i) Retirement benefit obligations**

The KNEST Plc doesn't operate a defined contribution scheme for full-time employees. The company contributes to the statutory National Social Security Fund (NSSF) and Public Service Superannuation Scheme Fund (PSSSF). These are defined contribution schemes registered under the National Social Security Act and PSSSF Act. The KNEST Plc's obligations under the schemes are limited to specific contributions legislated from time to time and is currently at Kshs.2,160 per employee per month for NSSF and 15% of employee basic salary for PSSSF.

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

**Summary of Accounting Policies**

**j) Budget information**

The original budget for FY 23/24 was approved by the National Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. KNEST Plc did not receive additional appropriations during FY 23/24.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 20 of these financial statements.

**k) Comparative figures**

The financial statements do not have comparison figures for prior year audited accounts since KNEST Plc's numbers for financial year 2022/23 were audited as part of numbers for the National Treasury.

**l) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

There were no significant judgments and sources of estimation uncertainty in the preparation of the KNEST Plc's annual report and financial statements for the period ended 30th June, 2024.

### **a) Estimates and assumptions**

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

### **b) Useful lives and residual values**

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

### **c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. KNEST Plc maintains provision for gratuity which it provides for monthly over the period of time which the contracted employees are in service to the company.

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

**6. Grants from National Government**

<b>Description</b>	<i>Insert Current FY</i>
	<b>Kshs</b>
Reccurent grants received	140,299,420
Capital grants realized (see note below)	10,232,394
In kind contributions/ donations	-
<b>Total</b>	<b>150,531,814</b>

*Note: For capital/development grants the amount recognized in the statement of comprehensive income is the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20 which for the period under review summed up to Kshs 7,805,530. Kshs 150,531,814 has been recognized in the Statement of Financial Performance as funding for to KNEST Plc of which Kshs 24,301,808 being expenditure undertaken at the National Treasury as well as assets which were transferred to KNEST at their fair value who's amortised charge realized amounts to KSh 2,426,864 thus total grants amortized for the period adds up to Ksh 10,232,394.*

A detailed analysis of grants received from the Government in the table below:

<b>Name of the Entity sending the grant</b>	<b>Amount recognized in the Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund. KShs</b>	<b>FY 2023-2024 Kshs</b>
Ministry/State Department				
National Treasury	140,299,420	-	41,353,380	181,652,800
<b>Total</b>	<b>140,299,420</b>	<b>-</b>	<b>41,353,380</b>	<b>181,652,800</b>

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

**7. Administration Costs**

Description	<i>Insert Current FY</i>
	<b>Kshs</b>
Staff costs (note (12a))	45,244,000
Directors' emoluments	21,481,834
Subscriptions	98,080
Advertising	749,951
Conferences and Delegations	4,622,540
Insurance	8,090,444
Merchandise	6,676,750
Printing and Stationery	2,302,853
Computer accessories	1,260,940
General supplies	499,000
Airtime, website, network, internet and utilities	3,462,651
Staff capacity building	1,260,082
Travel, Subsistence & Other Allowances	20,528,206
Other Misc Expenses	234,620
Bank charges	103,232
Other General Expenses	709,598
Repairs and maintenance	2,446,678
Depreciation	10,232,394
<b>Total</b>	<b>130,003,853</b>

**7(a) Staff Costs**

Description	<b>2023/2024</b>
	<b>Kshs</b>
Salaries and wages	28,413,517
Employer contribution to pension schemes	175,725
Employer contribution to housing levy	324,544
Commuter, extraneous, and other allowances	8,820,614
Housing allowances	3,388,000
Gratuity	4,121,600
<b>Total</b>	<b>45,244,000</b>

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

*7b) Board Expenses*

Description	2023/2024
	Kshs
Chairman Honoraria	960,000
Sitting Allowances	10,153,432
Induction and Training	2,300,100
Travel and Accommodation	8,040,302
Other Allowances	28,000
<b>Total</b>	<b>21,481,834</b>

*The Board expenses of Kshs 21,481,834 consist of represent expenses for Board of Directors (KShs 19,702,387) and the Advisory Council (Kshs 1,779,447).*

*7c) Repairs & Maintenance Expenses*

Description	2023/2024
	Kshs
Vehicles	2,375,300
Furniture and Fittings	41,914
ICT Equipment and Accessories	29,464
<b>Total Repairs and Maintenance</b>	<b>2,446,678</b>

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

Description	FY 2023-2024
	Kshs
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>	
Staff Costs (Note 7a)	45,157,600
Depreciation of property, plant and equipment	10,232,394
Directors' emoluments – fees (Note7b)	21,481,834
Inventory	21,045,500

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

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

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

Description	<i>Insert Current FY</i>
	<b>Kshs</b>
Current taxation based on the adjusted Profit for the year at 30%	-
Current tax: Prior Year Under/(Over) provision	-
Current year deferred tax charge	-
Prior Year Under-provision for deferred tax	-
<b>Total</b>	-

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

Description	<i>FY 2023-2024</i>
	<b>Kshs</b>
Profit before taxation	18,104,697
Tax at the applicable tax rate of 30%	-
Prior Year Under-Provision	-
Tax effects of expenses not deductible for tax purposes	-
Tax effects of income not taxable	-
Tax effects of excess capital allowances over Depreciation/Amortization	-
Deferred tax Prior Year Over-Provision	-
<b>Total</b>	-

**10. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs. 18,104,697 by the average number of ordinary shares in issue during the year which as at the end of the year were NIL. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**11. Dividend per Share**

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

(Indicate actual name of the entity)xx

**Annual Report and Financial Statements for the period ended 30<sup>th</sup> June 2024**

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

**12. Property, Plant and Equipment**

Cost	Motor vehicles	Furniture and fittings	ICT equipment	Office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June 2023	-	-	-	-	-
Additions *	32,904,400	3,763,680	2,869,000	1,816,300	41,353,380
Disposals	-	-	-	-	-
Transfer/Adjustments **	-	10,316,446	2,496,000	2,042,660	14,855,106
As at 30 <sup>th</sup> June 2024	32,904,400	14,080,126	5,365,000	3,858,960	56,208,486
Depreciation And Impairment					
As At 30 <sup>th</sup> June 2023	-	-	-	-	-
Depreciation	(7,428,551)	(96,009)	(209,014)	(71,956)	(7,805,530)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation on Transferred assets	-	(1,240,229)	(793,730)	(392,905)	(2,426,864)
As at 30 <sup>th</sup> June 2024	(7,428,551)	(1,336,238)	(1,002,744)	(464,861)	(10,232,394)
Net Book Values					
As at 30 <sup>th</sup> June 2024	25,475,849	12,743,888	4,362,256	3,394,099	45,976,092

\* Additions represent fixed assets procured and paid by KNEST Plc during the fourth quarter of the period under review.

\*\* Transfer/Adjustments represent costs and depreciation for fixed assets procured and paid for by the National Treasury. The costs of these fixed assets (Kshs 14,855,106) were matched by the Fair value reserve since there was no cash outlay by KNEST Plc.

**Notes To The Financial Statements (Continued)**

**Valuation**

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

**Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Office equipment	3,858,960	464,861	3,394,099
Motor Vehicles, Including Motorcycles	32,904,400	7,428,551	25,475,849
ICT equipment	5,365,000	1,002,744	4,362,256
Furniture and fittings	14,080,126	1,336,238	12,743,888
	<b>56,208,486</b>	<b>10,232,394</b>	<b>45,976,092</b>

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

**13. Inventories (Consumables)**

Description	Insert Current FY
	Kshs
Merchandise	21,045,500
Less: Impairment of Stocks	(-)
<b>Total</b>	<b>21,045,500</b>

**14. Trade and Other Receivables**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trade Receivables (Note 14 (a))	770,740	-
Other receivables	-	-
<b>Gross Trade and Other Receivables</b>	-	-
Provision for Bad And Doubtful Receivable	-	-
<b>Net Trade and Other Receivables</b>	<b>770,740</b>	-

**14 (a) Trade Receivables**

<b>Description</b>	<i>Insert Current FY</i>
	<b>Kshs</b>
Gross Trade Receivables	770,740
Provision for Doubtful Receivables	(-)
Net Trade Receivables	770,740
<b>ageing analysis of gross Trade Receivables</b>	
Less than 30 Days	22,701
Between 30 and 60 Days	746,839
Between 61 and 90 Days	-
Between 91 and 120 Days	1,200
Over 120 Days	-
<b>Total</b>	<b>770,740</b>

*The receivables from non-exchange transactions mainly consist of prepaid fees for staff training whose attendance was rescheduled to financial year 2024/25 due to exigencies of duty.*

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

**15. Bank and Cash Balances**

Description	Insert Current FY
	Kshs
Cash at bank	21,864,319
Cash in hand	-
<b>Total</b>	<b>21,864,319</b>

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

**Detailed analysis of the cash and cash equivalents**

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1305062639	21,864,319	-
<b>Sub- total</b>		<b>21,864,319</b>	-
<b>b) Pension scheme account</b>			
Kenya Commercial bank	1305062477	-	-
<b>Sub- total</b>		-	-
<b>c) Custody account</b>			
Kenya Commercial bank	1305691997	-	-
<b>Sub- total</b>		-	-
<b>Grand Total</b>		<b>21,864,319</b>	-

*Bank account no 1305062639 is the operational bank account for KNEST Plc while the bank accounts no 1305062477 and 1305691997 belong to the KNEST Pension Scheme.*

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

**16. Ordinary Share Capital**

<b>Description</b>	<i>Insert Current FY</i>
	<b>Kshs</b>
<b>Authorized:</b>	
10,000,000 Ordinary Shares of Kshs 1 par value each	<b>10,000,000</b>
<b>Issued and Fully paid:</b>	
Ordinary Shares of Kshs par value each	-

*Shares were not issued as at the end of the current reporting period*

**17. Fair Value Adjustment Reserve**

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

**18. Retained Earnings**

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

**19. Trade and Other Payables**

<b>Description</b>	<i>Insert Current FY</i>
	<b>Kshs</b>
Trade payables	18,792,008
Accrued expenses	3,600
Other payables ( <i>KRA Dues</i> )	234,620
Other payables	770
<b>Total</b>	<b>19,030,999</b>

**Aging Analysis for Trade and other Payables**

	<b>Insert Current FY</b>	<b>% of the total</b>
Under one year	19,030,999	100%
<b>Total</b>	<b>19,030,999</b>	

**20. Provisions**

<b>Description</b>	<b>Gratuity provisions</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance at the beginning of the year	-	-
Additional provisions	4,121,600	4,121,600
Provision utilised	-	-
Change due to discount and time value for money	-	-
Less: current portion	-	-
<b>Balance at the end of the year</b>	<b>4,121,600</b>	<b>4,121,600</b>

**21. Dividends Payable**

There are no dividends payable for the financial period under review.

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

<b>Description</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>
<b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations</b>	
Profit or Loss before tax	20,527,961
Depreciation	10,232,394
Transfers/ capital grants recognized in Net assets	41,353,380
Amortised capital grant	(10,232,394)
(Increase)/Decrease in Inventories	(21,045,500)
(Increase)/Decrease in Trade and Other Receivables	(770,740)
Increase/(Decrease) in Trade and Other Payables	19,030,999

Description	FY2023-2024
	Kshs
Increase/(Decrease) in Provisions	4,121,600
<b>Cash Generated from/(used In) operations</b>	<b>63,217,700</b>
<b>(b) Analysis of Cash and Cash equivalents</b>	
Short Term Deposits	-
Cash At Bank	21,864,320
Cash In Hand	-
Balance At End Of The Year	21,864,320

### 23. Related Party Disclosures

#### Government of Kenya

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

Other related parties include:

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

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

**Transactions with related parties**

<b>Description</b>	<i>Insert Current FY</i>
	<b>Kshs</b>
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	-
Rent income from govt. agencies	-
Water sales to govt. agencies	-
Interest income from govt commercial banks	-
Interest income from bills and bonds	-
Others	-
<b>Total</b>	-
<b>b) Purchases from related parties</b>	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-
Bank charges paid to govt commercial banks	-
Interest expense to investments by other govt. Entities	-
Others	-
<b>Total</b>	-
<b>c) Grants from the government</b>	
Grants from national govt	181,652,800
Grants from county government	-
Donations in kind	-
<b>Total</b>	<b>181,652,800</b>
<b>d) Expenses incurred on behalf of related party</b>	
Payments of salaries and wages for employees	-
Payments for goods and services	-
<b>Total</b>	-
<b>e) Key management compensation</b>	
Directors' emoluments	11,113,432
Compensation to key management	21,819,004
<b>Total</b>	<b>32,932,436</b>

**24. Capital Commitments**

No capital commitments have been made in the period under review.

## **25. Contingent Assets and Liabilities**

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

## **26. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

### **(i) Credit risk**

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

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

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

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

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	770,740	770,740	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	21,864,319	21,864,319	-	-
<b>Total</b>	<b>22,635,059</b>	<b>22,635,059</b>	<b>-</b>	<b>-</b>

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

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

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

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

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

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	-	19,030,999	-	19,030,999
Current portion of borrowings	-	-	-	-
Provisions	-	4,121,600	-	4,121,600
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>23,152,599</b>	-	<b>23,152,599</b>

**Notes To The Financial Statements (Continued)**

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**a) Foreign currency risk**

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
<b>Financial assets</b>			
Cash	21,864,319	-	21,864,319
Debtors	770,740	-	770,740
<b>Financial liabilities</b>			
Trade and other payables	19,030,999	-	19,030,999
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>3,604,060</b>	-	<b>3,604,060</b>

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

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

**Notes To The Financial Statements (Continued)**

**b) Foreign currency sensitivity analysis**

Foreign currency sensitivity analysis demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant. *There were no foreign currency transactions in the period under review.*

Details	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024</b>			
Euro	10%	Not applicable	Not applicable
USD	10%	Not applicable	Not applicable
<b>2023</b>			
Euro	10%	Not applicable	Not applicable
USD	10%	Not applicable	Not applicable

**c) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits. *KNEST Plc was not exposed to interest rate risk in the period under review.*

**i) Management of interest rate risk**

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

**Notes To The Financial Statements (Continued)**

**ii) Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point and five percentage points.

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

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

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

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions.

These two types of inputs have created the following fair value hierarchy:

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

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

*KNEST Plc had no instruments invested in as at the end of the reporting period.* The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

<b>At 30 June 2024</b>	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>Financial assets</b>				
Quoted equity investments	Not applicable	Not applicable	Not applicable	-
<b>Non- financial assets</b>				
Investment property	Not applicable	Not applicable	Not applicable	-
Land and buildings	Not applicable	Not applicable	Not applicable	-
	-	-	-	-
<b>At 30 June 2023</b>				
<b>Financial assets</b>				
Quoted equity investments	Not applicable	Not applicable	Not applicable	-
<b>Non- financial assets</b>				
Investment property	Not applicable	Not applicable	Not applicable	-
Land and buildings	Not applicable	Not applicable	Not applicable	-
	-	-	-	-

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

***Financial instruments not measured at fair value***

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

**Notes To The Financial Statements (Continued)**

**iv) Capital Risk Management**

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

Description	FY 2023-2024
	Kshs
Revaluation reserve	-
Retained earnings	20,527,961
Capital /Development grant reserve	33,547,850
Fair value adjustment reserve	12,428,242
<b>Total Funds</b>	<b>66,504,053</b>
Total Borrowings	-
Less: Cash and Bank balances	(21,864,319)
Net Debt/(Excess Cash and Cash Equivalents)	(21,864,319)
<b>Gearing</b>	<b>(33%)</b>

**26. Incorporation**

*KNEST Plc* is incorporated in Kenya under *the Kenyan Companies Act* and is domiciled in Kenya.

**27. Events after the Reporting Period**

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

**22. Appendices**

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

*KNEST Plc's numbers for financial year 2022/23 were audited as part of numbers for the National Treasury. KNEST Plc's first audit by the Office of the Auditor-General covers the financial year 2023/24. For this reason, there is nothing to report on status of Auditor-General 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)

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury

.....

Name

Accounting Officer

(Enter title of head of entity)

Date

**Appendix II: Projects implemented by KNEST Plc**

**Projects**

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

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

**Status of Projects completion**

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

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

(Indicate actual name of the entity)xx

**Annual Report and Financial Statements for the period ended 30<sup>th</sup> June 2024**

**Appendix IV: Transfers From Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/Recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
National Treasury	March 8, 2024 and June 29, 2024	Recurrent	181,652,800	140,299,420	41,353,380	-	-	-	181,652,800
<b>Total</b>			<b>181,652,800</b>	<b>140,299,420</b>	<b>41,353,380</b>	-	-	-	<b>181,652,800</b>

**Appendix V- Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....

**Appendix V- Inter-Entity Confirmation Letter**

Name of Transferring entity... The National Treasury .....

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

**Confirmation of amounts received by Kenya National Entrepreneurs Savings Trust Plc as at 30th June 2024**


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	March 8, 2024	24,301,808	-	24,301,808	This represents KNEST Plc's expenditure undertaken at National Treasury prior to funds transfer on 8th March 2024.
1044673/15980	March 8, 2024	138,961,038	-	138,961,038	
1044673/22751	June 29, 2024	18,389,954	-	18,389,954	
<b>Total</b>		<b>181,652,800</b>		<b>181,652,800</b>	

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

Head of Accounts Department - The National Treasury:

Name ..... George K. Gichuru Sign .....  Date ..... 21/12/2024

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

Name ..... MUTIGA WANJAU Sign .....  Date ..... 09/08/2024



**Appendix VI: Reporting of Climate Relevant Expenditures**

*There were no projects on climate implemented by the KNEST Plc during the period under review.*

*There were however tree-planting activities undertaken by KNEST Plc in line with Performance Contracting targets where it was mandated to grow 30 trees per person per year. This was in alignment with the Government's campaign to plant 15 billion trees in ten years from 2022 in a bid to reach 30% tree cover in Kenya. KNEST Plc will enter into an agreement with Kenya Forestry Services (KFS) to adopt a larger area, with the proposal being Bungoma County, for the financial year 2024/2025.*

- Name of the Organization
- Telephone Number
- Email Address
- Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix VII: Reporting Disaster Management Expenditure**

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

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