

***KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025***

MACO
MAINGI AUKA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

***KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
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TRUSTEES, PROFESSIONAL ADVISORS AND OTHER INFORMATION

Trustees

Mr. Job Makanga	- Chairman - Sponsor nominated
Mr. Albert Ambune	- Chairman - Member elected (Retired on 30/09/2024)
Mrs. Winnie Mwangi	- Trust Secretary - Sponsor nominated
Dr. Kennedy Ondede	- Sponsor nominated
Mr. Vincent Chagara	- Sponsor nominated
Mr. Thomas Cheruiyot	- Sponsor nominated (Nominated on 30/01/2025)
Ms. Jane Akunda	- Member elected (Elected on 5/10/2024)
Mr. Samuel Obaga	- Member elected (Elected on 5/10/2024)
Mr. Daniel Rex Mureithi	- Member elected (Elected on 5/10/2024)
Dr. Evanson Kamuri	- Sponsor nominated (Retired on 23/04/2025)
Ms. Ruth Mbithe	- Member elected (Retired on 30/09/2024)
Ms. Grace Akinyi	- Member elected (Retired on 30/09/2024)

Scheme Administrator

Minet Kenya Financial Services Limited
Minet House, off Nyerere Road
P.O. Box 20102 – 00100
Nairobi.

Investment Managers

GenAfrica Asset Managers Limited
Arlington Block, 14 Riverside Business Park
P.O. Box 40984 – 00100
Nairobi.

Britam Asset Managers (Kenya) Limited
Britam Centre, Mara & Ragati Road Junction
P.O. Box 30375 - 00100
Nairobi.

Custodian

NCBA Bank Kenya Limited
NCBA House, Masaba Road
P.O. Box 44599 – 00100
Nairobi.

Property Manager

Ebony Estates Limited
Marsabit Plaza, 5th Floor, Ngong Road
P.O. Box 19815 – 00100
Nairobi.

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TRUSTEES, PROFESSIONAL ADVISORS AND OTHER INFORMATION (Continued)

Independent Actuary

Minet Kenya Consulting Limited
Minet House, off Nyerere Road
P.O. Box 20102 – 00100
Nairobi.

Independent Auditor

Maingi Auka & Company LLP
Certified Public Accountants of Kenya
3rd Floor, Pension Towers, Loita Street
P.O. Box 76172 – 00508
Nairobi.

Registered Office

Kenyatta National Hospital
Hospital Hill Road
P.O. Box 20723 – 00202
Nairobi.

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REPORT OF THE TRUSTEES

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

Establishment, nature, and status of the Scheme

The Kenyatta National Hospital Staff Superannuation Scheme, herein referred to as the 'Scheme' was established under an irrevocable Trust and commenced on 1 January 1991 and is governed by a Trust Deed dated 17 July 1991. The Trust Deed has been amended as shown below:

1. Trust Deed and Rules dated 17 July 1991 (**Original Trust Deed and Rules**)
2. Amended Trust Deed and Rules dated 12 March 1998
3. Amended Trust Deed and Rules dated 27 December 2001
4. Further amendment as Trust Deed and Rules dated 27 March 2012
5. Further amended by a Deed dated 19 October 2016
6. Further amended by a Deed dated 26 September 2024 (**latest Amendment**)

It is a defined benefit plan and it provides, under the rules of the Scheme, pension, lumpsum and other retirement benefits for members on retirement and relief for dependants of deceased members for the staff of Kenyatta National Hospital. It is a tax-exempt plan under the Income Tax Act (Income Tax Ref. 922918/ 1634 and Exemption Certificate Serial No. 00642) under the Income Tax Act and is registered with the Retirement Benefits Authority (Scheme Ref No. 0822 and Certificate No. 0054).

Contributions

The Scheme was closed to new entrants and future accrual of benefits save for continuing members with effect from 30th June 2011 in compliance with Treasury Circular No. 18 of 2010 which required the Sponsor to close the existing Defined Benefit Scheme and set up a new Defined Contribution Scheme for future accrual of benefits effective 1 July 2011. Continuing members of the Scheme are those members who had attained the age of 45 years or more at the closing date and who opted not to join the new Defined Contribution Scheme but rather continue contributing and accruing benefits under the Defined Benefit Scheme.

Members contribute to the Scheme at the rate of 5% of their pensionable emoluments while the sponsor is required to contribute in each year the amount required to meet the balance of the cost of retirement and other benefits provided under the Scheme's Trust Deed and Rules as advised by the actuary and after allowing for the members' contributions. The sponsor currently makes contributions at the rate of 15% of the members' pensionable emoluments. In addition, members are allowed to make additional voluntary contributions. Contributions are remitted monthly.

Withdrawals benefits

A member who exits the service after attaining the retirement age, shall be entitled to:

- i) Normal retirement; A pension is calculated at $1/480^{\text{th}}$ of the final pensionable salary for each month of pensionable service.
- ii) Early retirement; As for normal retirement but reduced for early retirement by 2% per annum from age 50 to 55. For early retirements from age 55 or above, no early retirement reduction will apply.

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REPORT OF THE TRUSTEES (Continued)

Membership - 2025

	Active	Deferred	Pensioners	2025 Totals
At the start of the year	2,559	441	1,477	4,477
Joiners	-	8	212	220
Exit	(202)	(24)	(4)	(230)
At the end of year	<u>2,357</u>	<u>425</u>	<u>1,685</u>	<u>4,467</u>

Membership - 2024

	Active	Deferred	Pensioners	2024 Totals
At the start of the year	2,839	473	1,494	4,806
Entrants	-	28	175	203
Exit	(280)	(60)	(192)	(532)
At the end of the year	<u>2,559</u>	<u>441</u>	<u>1,477</u>	<u>4,477</u>

Financial review

The statement of changes in net assets on page 16 shows a decrease in net assets of the Scheme for the period by **Kshs 2,073,378,578** (2024: decrease of **Kshs 660,833,565**) and the statement of net assets available for benefits on page 17 shows the Scheme's net assets as **Kshs 2,627,980,579** (2024: **Kshs 4,701,359,157**).

The net return on investments as shown on the statement of changes in net assets on page 16 was **Kshs 115,642,110** (2024: **Kshs 191,368,996**). This translates to a return of **3.21%** (2024: **4.28%**).

However, the net rate of return credited to the members' accounts for the year was **0.31%** (2024: **5.10%**). The net rate of return credited to the members' accounts excludes unrealized gains and losses (changes in fair value) arising from the valuation of financial assets (specifically debt instruments/bonds) at fair value as provided in The Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2023.

Investment of members' funds

Under the terms of their appointment, GenAfrica Asset Managers Limited and Britam Asset Managers (Kenya) Limited are responsible for the investment of the available funds under segregated arrangement. However, the overall responsibility for investment lies with the Trustees.

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REPORT OF THE TRUSTEES (Continued)

Investment compliance

The Scheme's investment managers are guided by an established investment policy statement. The make-up of the investments as at the end of the year is summarised in the investment compliance table below:

Combined (including investment property)

	Value as at 30/06/2025	% of portfolio	Value as at 30/06/2024	% of portfolio	RBA limit in %
Properties	2,195,500,000	57.16%	2,535,800,000	56.45%	30.00%
Treasury bonds	966,737,136	25.17%	1,028,717,467	22.90%	90.00%
Corporate bonds	14,887,526	0.39%	14,812,757	0.33%	20.00%
Quoted equities	261,995,948	6.82%	310,191,016	6.91%	70.00%
Offshore private equities	336,055,913	8.75%	362,260,710	8.06%	100%
Fixed deposits	32,029,163	0.83%	221,337,798	4.93%	30.00%
Cash balances	33,546,141	0.87%	19,077,648	0.42%	5.00%
	<u>3,840,751,827</u>	<u>100.00%</u>	<u>4,492,197,393</u>	<u>100.00%</u>	

GenAfrica Limited

	Value as at 30/06/2025	% of portfolio	Value as at 30/06/2024	% of portfolio	RBA limit in %
Properties	1,145,500,000	58.09%	1,256,500,000	56.27%	30.00%
Treasury bonds	454,013,251	23.02%	447,283,147	20.03%	90.00%
Corporate bonds	-	-	-	-	20.00%
Quoted equities	176,521,002	8.95%	155,174,170	6.95%	70.00%
Offshore private equities	171,661,948	8.71%	187,418,312	8.39%	10.00%
Fixed deposits	2,000,397	0.10%	180,296,633	8.07%	30.00%
Cash balances	22,264,684	1.13%	6,133,506	0.27%	5.00%
	<u>1,971,961,282</u>	<u>100.00%</u>	<u>2,232,805,768</u>	<u>100.00%</u>	

Britam Limited

	Value as at 30/06/2025	% of portfolio	Value as at 30/06/2024	% of portfolio	RBA limit in %
Properties	1,050,000,000	56.19%	1,279,300,000	56.62%	30.00%
Treasury bonds	512,723,885	27.44%	581,434,318	25.73%	90.00%
Corporate bonds	14,887,526	0.80%	14,812,757	0.66%	20.00%
Quoted equities	85,474,946	4.57%	155,016,846	6.86%	70.00%
Offshore private equities	164,393,965	8.80%	174,842,397	7.74%	10.00%
Fixed deposits	30,028,766	1.61%	41,041,165	1.82%	30.00%
Cash balances	11,281,457	0.60%	12,944,142	0.57%	5.00%
	<u>1,868,790,545</u>	<u>100.00%</u>	<u>2,259,391,625</u>	<u>100.00%</u>	

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REPORT OF THE TRUSTEES (Continued)

Investment compliance (continued)

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

Note: All the investments are within the statutory limits set by Retirement Benefits Authority except for investment properties which stands at 57.16% (2024: 56.45%) although not through actual additions. However, this allocation is expected to drop after the sale of the investment property.

Trustees

The Trustees are appointed in accordance with requirements of the Retirement Benefits Act and the Scheme's trust deed and rules. The Trustees who served during the financial year and to the date of this report are shown on page 1.

Auditor

The auditors, Maingi Auka & Company LLP, who were appointed during the year have indicated their willingness to continue in office in accordance with Section 34 (3) of the Retirement Benefits Act, Cap 197 and subject to the Scheme's Trust Deed and Rules. The Trustees monitor the effectiveness, objectivity, and independence of the auditor. They also approve the annual audit engagement, which sets out the auditors' appointment and related fees.

For the Trustees,



Chairperson



2025

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STATEMENT OF SCHEME'S GOVERNANCE DISCLOSURES

1. Board diversity.

Name of Trustee	Age	Category (Member elected/Sponsor nominated/Professional)	No. of meetings attended	Certified (Yes/No)	Highest Qualification	Membership of other Boards
Mr. Job Makanga	47	Sponsor nominated	4	Yes	Master's Degree	No
Mrs. Winnie Mwangi	50	Sponsor nominated	4	Yes	Master's Degree	Yes; KNH DC
Dr. Kennedy Ondede	54	Sponsor nominated	4	Yes	Master's Degree	No
Mr. Vincent Chagara	36	Sponsor nominated	4	Yes	Master's Degree	No
Mr. Thomas Cheruiyot	60	Sponsor nominated	2	Yes	Bachelor's Degree	No
Ms. Jane Akunda	54	Member elected	3	Yes	Bachelor's Degree	No
Mr. Samuel Obaga	70	Member elected	3	Yes	Master's Degree	No
Mr. Daniel Rex Mureithi	48	Member elected	3	Yes	Master's Degree	No

2. The Board of Trustees held **four (4)** quarterly meetings and **one (1)** Annual General Meeting during the year ending 30 June 2025 as indicated hereunder;

a) Board of Trustees meetings

- 19th September 2024
- 26th November 2024
- 29th November 2024 – AGM
- 25th April 2025
- 10th June 2025

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

- (i) Gender balance: Female: **25%** Male: **75%**
- (ii) Skills mix: Number of Trustees with financial skills: **one (1)**
- (iii) Age mix: Number of Trustees who are younger than 35 years. **None**
Number of Trustees who are older than 35 years. **eight (8)**

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STATEMENT OF SCHEME'S GOVERNANCE DISCLOSURES (Continued)

4. Board Committees

Committee name	No. of meetings held	Any external advisors, invitees to meetings (Yes/No) (if yes, mention purpose)	Allowances paid (Kshs.)
Investment and Property	4	Yes; procurement expert	400,500
Welfare and Administration	8	No	661,000
Audit and Risk	4	Yes; Internal Auditor	396,000

5. Fiduciary responsibility statement

The Board of Trustees is the governing body of the Kenyatta National Hospital Staff Superannuation Scheme and is responsible for the corporate governance of the Scheme. The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interests of the Scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

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

The Scheme has complied with the laws, regulations and guidelines that govern retirement benefits Schemes and the Scheme's business operations. The Trustees have ensured that the investment managers have carried out all Scheme investments and that all Scheme assets and funds are held by the custodian. The Board charter for the Scheme has been developed

6. Responsible corporate citizenship

The Scheme has participated in socially responsible investments and operations and has not been involved in any activity that may undermine the well-being of the sponsor, members or the community in which it operates.

7. Key outcomes

- i) The Board of Trustees seeks to achieve the following:
 - a) Building trust with the members and sponsor of the Scheme so that they are satisfied with the Administration of the Scheme;
 - b) Supporting innovation and developing solutions that meet the members and sponsor's needs; and
 - c) Ensuring that the Scheme's administrative processes remain transparent and accessible to members and the sponsor.

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STATEMENT OF SCHEME'S GOVERNANCE DISCLOSURES (Continued)

- ii) The Board of Trustees will measure the progress toward these outcomes through:
- a) Triennial members' survey score. This was conducted during the financial year 2024/2025 and the score was 60.7%.
- b) Regular reports and feedback from the sponsor. No. of reports. Sponsor updated quarterly Four (4)

8. Annual general meeting

The Board of Trustees held the Annual General Meeting on the 29th November 2024 at which 229 members attended making up 5.12% of members who attended. The Board adequately addressed the members' concerns.

9. Members' sensitization

Name of sensitization forum	Date held	No. of Attendants	Remarks
Member Education & Pre-Retirement	19 th to 20 th June 2025	630	Objective met

During the sensitization activity, members were reminded of the Retirement Benefits Authority whistle-blowers portal to report any unusual occurrence in the management of the Scheme's affairs.


10. Trustee's remuneration policy

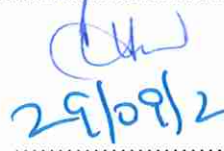
During the year under review, the Trustees were paid a gross sum of Kshs 3,283,800 (2024: Kshs 3,767,500). The payments complied with the Trustee's remuneration policy of the Scheme.

11. Board of Trustees' evaluation

The evaluation of the Board and Individual Trustees was undertaken after the financial year ended 30 June 2025.

Signed on behalf of Board of Trustees on.....29/09/.....2025


.....
Chairperson


.....
Trustee

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenya Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000 require the Trustees to prepare financial statements in a prescribed form for each financial year. They also require the Trustees to ensure that the Scheme keeps proper accounting records of its income, expenditure, liabilities, and assets, and that remedial remittances are remitted to the custodian in accordance with the rules of the Scheme.

The Trustees accept responsibility for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards and the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000. The Trustees further accept responsibility for:-

- i) Designing, implementing, and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Scheme as at 30 June 2025 and of the disposition at that date of its assets and liabilities, in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every aspect.

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

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

Approved by the Board of Trustees on.....29/09/.....2025 and signed on its behalf by


Chairperson


Trustee

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF KENYATTA
NATIONAL HOSPITAL STAFF SUPERANNUATION SCHEME**

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Kenyatta National Hospital Staff Superannuation Scheme, set out on pages 16 to 38, which comprise the statement of net assets available for benefits as at 30 June 2025, the statement of changes in net assets available for benefits, statement of changes in member's fund balances and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme during the year ended 30 June 2025 and of the disposition at that date of its assets and liabilities, other than the liabilities to pay retirement and other benefits falling due after the end of the year in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act.

Emphasis of Matter

Without qualifying our opinion, we note that an actuarial valuation carried out as at 30th June 2024 by Minet Kenya Consulting Limited revealed an actuarial deficit of Kshs. 17.558 billion as at 30th June 2024. This represented a funding level of the Scheme of 21.1% which was lower than the statutory minimum funding requirement of 100% prescribed in the Retirement Benefits (Minimum Funding Level and Winding up of Schemes) Regulations 2000. In addition, the Sponsor had not fully honoured the June 2021 Actuary's recommended remedial action of remitting monthly contributions of Kshs. 264.2 million starting 30th September 2021. The foregoing constitute material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as a going concern into the foreseeable future.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF KENYATTA NATIONAL HOSPITAL STAFF SUPERANNUATION SCHEME (Continued)

Other information

The Scheme's Board of Trustees is responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our other audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have nothing to report in that regard.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. During our review, we noted the following items as most significant;

	Key Audit Matter	How the matter was addressed in our audit
1.	Scheme's actuarial deficit The last two actuarial valuation reports indicate that there is a growing funding deficit which in the year 2024 was Kshs. 17,558 million and a funded ratio of 21.1% while at 30 June 2021, the funding deficit was Kshs. 7,458 million and a funded ratio of 50.1%. This threatens the sustainability and the going concern of the Scheme.	Our audit procedures in this area included among others: <ul style="list-style-type: none"> . Tracing valuation amounts to the actuarial valuation reports. . Verifying balances contained in the actuarial valuation reports. . Verifying actuarial assumptions used are in order and are consistent. . Discussing with the client on ways to cover the deficiency in funding.
2.	Investment properties The Scheme has invested in investment properties. We considered the proportion of investment properties in the Scheme's portfolio as a key audit matter because it surpasses both the RBA's limit and Investment policy statement of 30% and 25% respectively. During the year under review, 57.16% (2024: 56.45%) is the portfolio ratio. In previous year's audited accounts, it was clearly indicated that property investments have been put on sale. The sale has however not taken place.	Our audit procedures in this area included among others: <ul style="list-style-type: none"> • Verifying ownership by obtaining confirmation of the title of ownership. • Reviewing the valuation of the property investments based on valuation performed by an independent valuer (appraiser). • Verifying rental income generated by the property.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF KENYATTA
NATIONAL HOSPITAL STAFF SUPERANNUATION SCHEME (Continued)**

Key audit matters (continued)

<p>3. Contributions receivable</p> <p>The Scheme has recognised contributions income for the year and contributions due at year end.</p> <p>We considered this to be a key audit matter because contributions make up the main capital inflow into the Scheme which dictates the Scheme's ability to continue operating as a going concern and therefore the need to obtain assurance on the amounts thus reported.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none"> • Reviewing monthly contribution schedules and confirming that correct classification/split of employee and employer portions as provided by the Trust Deed and Rules have been used; and that the disclosure of additional voluntary contributions has been made. • Confirming contribution remittances to the Custodian; and • Verifying contributions outstanding by reconciling contributions receivable in the monthly contributions schedules with contributions remitted.
<p>4. Benefits and pension payable</p> <p>The Scheme has recognised benefits payable for the year and unpaid benefits at year end.</p> <p>We considered this to be a key audit matter because benefit payments make up the main capital outflow from the Scheme and therefore provides an area of high exposure to loss of Schemes' assets if not properly managed.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none"> • Reviewing schedule of benefits and pension payable and confirming that they relate to members of the Scheme who accessed their benefits having exited through any one of the allowed modes of exit i.e. resignation, dismissal, retirement, ill-health, immigration, • Reviewing benefit computation worksheets on sample basis and confirming that benefits paid and/ or unpaid were correctly determined as per the Trust Deed and Rules and the Retirement Benefits Act and withholding tax on benefits payable was correctly determined and remitted as per the Income Tax Act.

Other than the above, all the other matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on them.

Trustees' responsibilities on the financial statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF KENYATTA NATIONAL HOSPITAL STAFF SUPERANNUATION SCHEME (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA's 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- (iv) Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Scheme to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Scheme's audit. We remain responsible for our audit opinion.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF KENYATTA
NATIONAL HOSPITAL STAFF SUPERANNUATION SCHEME (Continued)**

Report on other legal requirements

As required by Kenyan Retirement Benefits Act we report to you, based on our audit, that in our opinion, the information given in the report of Trustees on pages 3 to 6 is consistent with the financial statements.

*The Engagement Partner responsible for the audit resulting in the independent auditor's report is
FCPA, Dr. Jackson K. Maingi, Practising Certificate No. 1331.*



.....
For and on behalf of:
Maingi Auka & Company LLP
Certified Public Accountants
P.O Box 76172 – 00508

Nairobi

Date. *30th September*2025



**KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Note	2025 Kshs	2024 Kshs
Income from dealings with members			
Contributions receivable	4	<u>478,715,088</u>	<u>482,625,986</u>
Outgoings from dealings with members			
Benefits payable to withdrawing members	5	<u>(2,667,735,776)</u>	<u>(1,334,828,547)</u>
Net decrease from dealings with members		<u>(2,189,020,688)</u>	<u>(852,202,561)</u>
Return on investments			
Investment income	6 (a)	380,405,709	353,944,469
Change in fair value	6 (b)	(195,202,521)	(84,400,936)
Less: investment management expenses	7	<u>(33,191,760)</u>	<u>(47,825,665)</u>
Gross return on investments		<u>152,011,428</u>	<u>221,717,868</u>
Administrative expenses	8	<u>(36,369,318)</u>	<u>(30,348,872)</u>
Net return on investments		<u>115,642,110</u>	<u>191,368,996</u>
Decrease in net assets for the year		(2,073,378,578)	(660,833,565)
Net assets available for benefits at start of year		4,701,359,157	5,362,192,722
Net assets available for benefits at end of year		<u><u>2,627,980,579</u></u>	<u><u>4,701,359,157</u></u>

**KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
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FOR THE YEAR ENDED 30 JUNE 2025**

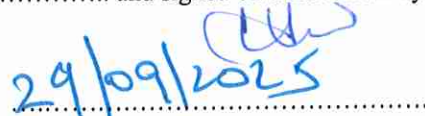
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

Assets	Note	2025 Kshs	2024 Kshs
Investments			
Investments in properties	9	2,195,500,000	2,535,800,000
Investments - at fair value	12	1,579,676,523	1,715,981,947
Investments - at amortized cost	12	32,029,163	221,337,797
		<u>3,807,205,686</u>	<u>4,473,119,744</u>
Current assets			
Contribution debtors	10	57,804,516	225,706,445
Accounts receivable	11	579,419,193	477,319,717
Cash at bank	13 (a)	33,546,141	19,077,648
		<u>670,769,850</u>	<u>722,103,810</u>
Current liabilities			
Benefits payable	14	1,825,205,972	468,367,430
Accounts payable	15	24,788,985	25,496,967
		<u>1,849,994,957</u>	<u>493,864,397</u>
Net current (liabilities)/ assets		<u>(1,179,225,107)</u>	<u>228,239,413</u>
Total net assets available for benefits		<u>2,627,980,579</u>	<u>4,701,359,157</u>
Financed by;			
Members' fund		2,570,124,468	4,747,787,300
Bond revaluation reserve fund		57,856,111	(46,428,143)
Net assets available for benefits		<u>2,627,980,579</u>	<u>4,701,359,157</u>

The financial statements on pages 16 to 38 were approved for issue by the Board of Trustees on

29th September, and signed on their behalf by:


.....
Chairperson


29/09/2025
.....
Trustee

**KENYATTA NATIONAL HOSPITAL
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STATEMENT OF CHANGES IN MEMBERS' FUND BALANCES

	Members' fund Kshs	Bond revaluation reserve fund Kshs	Total Kshs
Year ended 30 June 2025			
As at start of year	4,747,787,300	(46,428,143)	4,701,359,157
Contribution and transfer in	478,715,088	-	478,715,088
Withdrawals	(2,667,735,776)	-	(2,667,735,776)
Net investment income	115,642,110	-	115,642,110
Transfer to revaluation gain	(104,284,254)	104,284,254	-
As at 30 June 2025	<u>2,570,124,468</u>	<u>57,856,111</u>	<u>2,627,980,579</u>
Year ended 30 June 2024			
As at start of year	5,362,192,722	-	5,362,192,722
Contribution and transfer in	482,625,986	-	482,625,986
Withdrawals	(1,334,828,547)	-	(1,334,828,547)
Net investment income	191,368,996	-	191,368,996
Transfer to revaluation loss	46,428,143	(46,428,143)	-
As at 30 June 2024	<u>4,747,787,300</u>	<u>(46,428,143)</u>	<u>4,701,359,157</u>

Bond revaluation reserve fund is created from revaluation gain or loss on treasury bonds (undistributable gains), in accordance with Legal Notice No. 21 of the Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2023. This Legal Notice requires unrealised gains or losses from debt instruments (treasury bonds) to be excluded from distributions to members.

**KENYATTA NATIONAL HOSPITAL
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STATEMENT OF CASH FLOWS

		2025	2024
Cash flow from operating activities	Note	Kshs	Kshs
Contributions received		646,617,017	583,254,862
Withdrawal benefits paid		(1,434,386,334)	(1,351,203,727)
Administrative expenses		(25,061,388)	(31,791,499)
Net cash used in from operating activities		(812,830,705)	(799,740,364)
Investing activities			
Investment income received		383,165,762	378,663,403
Net rent deposits received		-	47,000
Investment management expenses paid		(26,652,871)	(54,480,685)
Purchase of investments	12	(259,186,079)	(120,263,583)
Proceeds from disposal of investments	12	540,663,749	767,156,703
Net cash generated from investing activities		637,990,560	971,122,838
Net (decrease) / increase in cash and cash equivalents		(174,840,141)	171,382,474
Movement in cash and cash equivalents			
At the start of the year		240,415,445	69,032,971
Net (decrease)/ increase in cash and cash equivalents		(174,840,141)	171,382,474
Cash and cash equivalents at the end of the year	13 (b)	65,575,304	240,415,445

ACCOUNTING POLICIES

1. Material accounting policy information

The accounting policy information considered material in the preparation of these financial statements is set out below:

a) Basis of preparation

The financial statements are prepared in accordance with and comply with IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board, the Kenyan Retirement Benefits Act, and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay benefits that fall due after the end of the year.

The financial statements are presented in Kenya Shillings (Sh), and are prepared under the historical cost convention, as modified by the carrying of investments at fair value.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Scheme uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Scheme using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Scheme at the end of the reporting period during which the change occurred.

ACCOUNTING POLICIES (Continued)

b) New and revised standards

i. Adoption of new and revised IFRS standards in issue and effective for the year ended 30 June 2025

The following Standards became effective for the first time in the financial year beginning 1st January 2024 and have been adopted by the Scheme.

- Amendments to IFRS 16 – Leases on sale and leaseback- These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of transaction.
- Amendments to IAS 1- Non-current liabilities with covenants;
The amendments aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendments to IAS 7 and IFRS 7 – Supplier finance;
Requiring disclosures to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendments to IAS 21 titled *Lack of Exchangeability* (issued in August 2023, effective 1 January 2025).

None of the amendments have had a material impact on the Scheme's financial statements.

ii. New and revised standards and interpretations which have been issued but are not yet effective for the year ended 30 June 2025

The Scheme has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2025.

- IFRS 18 titled Presentation and Disclosure in Financial Statements (issued in April 2024, effective 1 January 2027).
- IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024, effective 1 January 2027).
- Amendments to IFRS 9 and IFRS 7 titled Amendments to the Classification and Measurement of Financial Instruments (issued in May 2024, effective 1 January 2026).

The Trustees have assessed the potential impact of the above and expect that they will not have a significant impact on the Scheme's financial statements.

c) Remedial remittances, contributions receivable and revenue recognition

Remedial remittances from the sponsor and contributions from members and employer are accounted for in the period in which they fall due. The Scheme's revenue is generated from monthly remedial remittances from the sponsor, interest income from government securities and dividends from quoted and unquoted equities. Revenue represents the fair value of consideration received or receivable in the course of the Scheme's activities. It is recognized when it is probable that future economic benefits will flow to the Scheme and the amount of revenue can be measured reliably. It is stated net of value added tax, rebates and trade discount.

**KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
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ACCOUNTING POLICIES (Continued)

d) Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due

e) Income from investments

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised for all interest-bearing instruments on a time proportion basis using the effective interest method.

f) Investments

All purchases and sales of investments are recognised on the trade date, which is the date the Scheme commits to purchase or sell the investment. The cost of purchase includes all transaction costs. Investments are subsequently carried at fair value. Changes in the fair value of investments are recognized in the Statement of changes in net assets available for benefits.

g) Investments and investment property

Investments are carried at fair value. The fair value of marketable securities is the market value. Securities that have fixed redemption values are carried at those amounts assuming constant rates of return to maturity. Interest on Government securities, corporate bonds, short-term deposits, treasury bills and offshore investments is recognized in the period in which it is earned. Interest income is recognized in the changes in net assets available for benefit as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognized when the right to receive the payment is established. Rental income is on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognized as an operating lease liability/asset. Dividends are recognized when the Scheme's right to receive the payment is established.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in income statement in the period in which they arise, including the corresponding tax effect.

h) Remedial remittances receivable and other accounts receivable

Critical estimates are made by the Trustees in determining the recoverable number of receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**KENYATTA NATIONAL HOSPITAL
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ACCOUNTING POLICIES (Continued)

Remedial remittances receivable and other accounts receivable (Continued)

Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for Impairment. At the end of the year, a review of all outstanding amounts is made then a provision is given for bad and doubtful debts. All amounts that the management feels that are uncollectable, are written off as bad debts in the year in which they are identified.

i) Benefits and other accounts payable

Pensions and other benefits payable to seceding members are taken into account in the period in which they fall due. Accounts payable including accruals are recognized when the Scheme has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Scheme. Accounts payable are initially measured at fair value, and are subsequently measured at amortized cost.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalent are initially and subsequently recorded at fair value while placements are measured at amortized costs.

k) Income tax expense

The Scheme is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority.

l) Functional and presentation currency

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the end of each reporting period while transactions during the year in foreign currencies are converted at the rates of exchange ruling on the dates of the transactions. Exchange gains or losses arising from foreign currency transactions are dealt with in the statement of changes in net assets.

m) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentations in the current year.

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NOTES TO THE FINANCIAL STATEMENTS

2. Significant judgements and key sources of estimation and uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Financial risk management objectives and policies

The Scheme's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Scheme's overall risk management policies are set out by the investment managers and guidelines approved by the Trustees, and focus on the unpredictability of changes in the financial markets and seek to minimise the potential adverse effects of such risks on its financial performance. The Scheme does not hedge against any risks.

i) Credit risk

Credit risk arises from investments other than equity investments, remedial remittances receivable, cash at bank, and other receivables. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set by the Trustees.

In the financial year 2015/2016, Imperial Bank Limited and Chase Bank Limited were placed under statutory receivership by the Central Bank of Kenya due to unsound business practices. At the time of placement of the banks into statutory receivership, the Scheme held cash deposits with Imperial Bank Limited and a 7-year Corporate Bond with Chase Bank. The cash deposits held in Imperial Bank and accrued interest thereon totaling Kshs. 54,156,421 and the corporate bond held in Chase Bank of Kshs. 4,000,000 were fully impaired in the previous financial years 2016/2017 and 2017/2018. The amounts were fully impaired due to uncertainty on their recoverability and will be credited back to the Scheme in the event they are recovered in the future. The Scheme has since recovered Kshs. 5,110,758 (no amount was recovered in the current financial year (2024: Kshs.327,055) from Imperial bank. The recovered amounts were credited to the Scheme as other income in the financial years in which they were recovered.

The amounts held in Imperial Bank and Chase Bank less recoveries made as well as rent arrears whose recovery is unlikely represent significant credit risk exposure to the Scheme as at year end.

**KENYATTA NATIONAL HOSPITAL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial risk management objectives and policies (Continued)

The amount that best represents the Scheme's maximum exposure to credit risk at 30 June 2025 is made up as follows:

	2025	2024
	Kshs	Kshs
Treasury bonds	966,737,136	1,028,717,464
Fixed and call deposits	32,029,163	221,337,797
Cash at bank	33,546,141	19,077,648
Contribution debtors	57,804,516	225,706,445
Accounts receivable	579,419,193	477,319,717
	<u>1,669,536,149</u>	<u>1,972,159,071</u>

ii) Liquidity risk

The Trustees ensure that the Scheme's obligations are met as they arise. The Trustees ensure prudent management of liquidity by planning and budgeting for cash requirements during the year. The Trustees ensure adequate funds are retained in liquid or near liquid forms to pay leavers within thirty days of leaving. The Trustees direct the Investment Manager to invest surplus funds not needed immediately for payments.

Iii Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

a) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency.

The Scheme is not currently exposed to foreign exchange risk arising from various currency exposures, this is primarily because it has not invested in offshore investments denominated in US dollars.

Currency exposure arising from investments denominated in foreign currencies is managed primarily by setting limits on the percentage of net assets available for benefits that may be invested in offshore.

b) Interest rate risk

The Scheme's investments in variable rate deposits exposes it to cash flow interest rate risk, and its investments in fixed rate bonds expose it to fair value interest rate risk. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The Scheme has no interest-bearing liabilities.

**KENYATTA NATIONAL HOSPITAL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Price risk

Marketable instruments held by the Scheme include Treasury Bonds, Corporate Bonds and Commercial Papers whose market prices are subject to change. The Trustees review the portfolio, set exposure limits and respond to market price changes and conditions to secure both fair values and cash flow from such instruments.

If the price of equity securities were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Kshs 13,099,797 (2024: Kshs 15,509,551).

If the price of treasury bonds were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Kshs 48,336,857 (2024: Kshs 51,435,873).

	2025	2024
	Kshs	Kshs
4 Contributions receivable		
Employee	13,979,783	21,572,650
Employer	41,939,348	61,046,136
Additional voluntary contributions	-	7,200
Contribution for deficit financing	422,795,957	400,000,000
	<u>478,715,088</u>	<u>482,625,986</u>

The Contribution for deficit financing relates to actuarial deficit mitigation plans by the Sponsor.

5 Withdrawals benefits

Lump sum benefits to members leaving service	920,230,479	795,158,316
Pension payments	653,909,576	539,670,231
Benefits in arrears	1,093,595,721	-
	<u>2,667,735,776</u>	<u>1,334,828,547</u>

Benefits in arrears of Kshs. 1,093,595,721 relate to recalculated benefits for members who exited the Scheme in prior years. The exercise on the recalculation of benefits by Minet Kenya Consulting Limited is still ongoing and these amounts may change once the exercise is concluded.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6	Investment income	2025 Kshs	2024 Kshs
(a)	Investment income		
	Rental income	85,825,014	87,658,650
	Dividend received from quoted shares	48,553,967	88,879,042
	Treasury bonds interest	139,937,796	162,114,964
	Interest on corporate bonds	1,849,810	1,742,507
	Fixed and call deposits interest	17,488,198	14,211,637
	Gain on sale of quoted shares	26,402,289	1,156,236
	Gain/ (loss) on sale of treasury bonds	60,930,443	(8,349,888)
	Loss on sale of private equity - ECP Africa fund	(650,156)	-
	Other income – rebates	68,348	6,531,321
	Total realized income	380,405,709	353,944,469
(b)	Change in fair value		
	Revaluation gains on equity investments	70,739,521	9,054,257
	Revaluation loss on private equity investments	(29,926,296)	(47,027,050)
	Revaluation gain / (loss) on treasury bonds	104,284,254	(46,428,143)
	Revaluation loss of investment properties	(340,300,000)	-
	Total unrealized income	(195,202,521)	(84,400,936)
	Total investment income	185,203,187	269,543,533
7	Investment management expenses		
	Investment management fees	4,246,517	5,660,927
	Custodial fees	3,757,816	4,049,006
	Property management expenses	25,187,427	38,115,732
		33,191,760	47,825,665

**KENYATTA NATIONAL HOSPITAL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Administration expenses	2025 Kshs	2024 Kshs
RBA levy (Note 18)	3,381,362	5,000,000
Audit fees	330,600	420,000
Administration fees	4,417,558	4,580,129
Bank charges	2,304,052	2,488,636
Trustees' Allowances	3,283,800	3,767,500
Trustees' liability insurance premium	281,991	285,825
Trustees' training expenses	14,812,123	12,004,077
Office and other expenses	30,532	235,620
AGM expenses	261,690	616,545
Legal fees	-	17,400
Consultancy fees - Recalculation of benefits	6,291,840	454,140
Election costs	426,770	-
Member education costs	113,000	-
Board evaluation costs	135,000	135,000
Annual subscriptions to ARBS	299,000	344,000
	<u>36,369,318</u>	<u>30,348,872</u>
9 Investment properties		
(a) Investment in real estate at cost	2,535,800,000	2,535,800,000
Revaluation loss of investment properties	<u>(340,300,000)</u>	<u>-</u>
	<u>2,195,500,000</u>	<u>2,535,800,000</u>
(b) Investment properties per investment manager		
Investment properties - GenAfrica		
LR No. 209/12470 (Ngong Road Apartments)	520,000,000	559,200,000
Kajiado/Kaputiei North (108933-109351)	625,500,000	659,403,261
Kajiado/Kaputiei North (108933-109351)	-	37,896,739
	<u>1,145,500,000</u>	<u>1,256,500,000</u>
Investment properties – Britam		
LR No. 209/74/8 & 209/74/9 (Westlands Road)	750,000,000	926,200,000
LR No. 1/872 (Waridi Court)	130,000,000	144,100,000
LR No. 209/118/17/2 (Chemelil Road)	170,000,000	209,000,000
	<u>1,050,000,000</u>	<u>1,279,300,000</u>
Total investment properties	<u>2,195,500,000</u>	<u>2,535,800,000</u>

**KENYATTA NATIONAL HOSPITAL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10	Contribution debtors	2025 Kshs	2024 Kshs
	Contributions due	38,594,898	206,496,827
	Due from KNH Trust Fund	<u>19,209,618</u>	<u>19,209,618</u>
		<u>57,804,516</u>	<u>225,706,445</u>
11	Accounts receivable		
	Dividend income receivable	5,324,596	7,449,091
	Prepaid Trustees liability premium	42,443	69,777
	Rent receivable	7,288,757	6,586,965
	Provision for impaired rent receivable	(3,873,341)	(3,873,341)
	Funds held in Trust (Note 16 (a))	<u>570,636,738</u>	<u>467,087,225</u>
		<u>579,419,193</u>	<u>477,319,717</u>

**KENYATTA NATIONAL HOSPITAL
STAFF SUPERANNUATION SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (a) Investments movements (Combined) – 2025

At fair value	As at 01/07/2024 Kshs	Purchases at cost Kshs	Sales proceeds Kshs	Change in fair value Kshs	Accrued interest Kshs	As at 30/06/2025 Kshs
Quoted equities	310,191,016	-	(118,934,589)	70,739,521	-	261,995,948
Treasury bonds	1,028,717,464	251,152,154	(417,416,736)	104,284,254	-	966,737,136
Corporate Bonds	14,812,757	-	-	-	74,769	14,887,526
Offshore private equities	362,260,710	8,033,925	(4,312,427)	(29,926,295)	-	336,055,913
	<u>1,715,981,947</u>	<u>259,186,079</u>	<u>(540,663,752)</u>	<u>145,097,480</u>	<u>74,769</u>	<u>1,579,676,523</u>
At amortized cost						
Fixed and call deposits	221,337,797	1,707,000,000	(1,893,000,000)	-	(3,308,634)	32,029,163
	<u>1,937,319,747</u>	<u>259,186,079</u>	<u>(540,663,749)</u>	<u>145,097,480</u>	<u>(3,233,865)</u>	<u>1,611,705,686</u>

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12 (b) Investments movements (GenAfrica) – 2025

At fair value	As at 01/07/2024 Kshs	Purchases at cost Kshs	Sales proceeds Kshs	Change in fair value Kshs	Accrued interest Kshs	As at 30/06/2025 Kshs
Quoted equities	155,174,170	-	(28,539,659)	49,886,491	-	176,521,002
Treasury bonds	447,283,147	232,005,534	(257,233,691)	31,958,263	-	454,013,251
Offshore private equities	187,418,312	4,036,514	-	(19,792,878)	-	171,661,948
	<u>789,875,628</u>	<u>236,042,048</u>	<u>(285,773,350)</u>	<u>62,051,875</u>	<u>-</u>	<u>802,196,201</u>
At amortized cost						
Fixed and call deposits	180,296,633	1,101,700,000	(1,277,700,000)	-	(2,296,236)	2,000,397
	<u>970,172,261</u>	<u>1,337,742,048</u>	<u>(1,563,473,350)</u>	<u>62,051,875</u>	<u>(2,296,236)</u>	<u>804,196,598</u>

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12 (c) Investments movements (Britam) – 2025

At fair value	As at 01/07/2024 Kshs	Purchases at cost Kshs	Sales proceeds Kshs	Change in fair value Kshs	Accrued interest Kshs	As at 30/06/2025 Kshs
Quoted equities	155,016,845	-	(90,394,930)	20,853,030	-	85,474,945
Treasury bonds	581,434,318	19,146,620	(160,183,041)	72,325,991	-	512,723,885
Corporate Bonds	14,812,757	-	-	-	74,769	14,887,526
Offshore private equities	174,842,397	3,997,411	(4,312,427)	(10,133,417)	-	164,393,965
	<u>926,106,317</u>	<u>23,144,031</u>	<u>(254,890,398)</u>	<u>83,045,604</u>	<u>74,769</u>	<u>777,480,321</u>
At amortized cost						
Fixed and call deposits	41,041,165	605,300,000	(615,300,000)	-	(1,012,399)	30,028,766
	<u>967,147,483</u>	<u>628,444,031</u>	<u>(870,190,398)</u>	<u>83,045,604</u>	<u>(937,630)</u>	<u>807,509,087</u>

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12 (d) Investments movements (Combined) – 2024

At fair value	As at 01/07/2023 Kshs	Purchases at cost Kshs	Sales proceeds Kshs	Change in fair value Kshs	Accrued interest Kshs	As at 30/06/2024 Kshs
Quoted equities	595,361,032	-	(294,224,273)	9,054,257	-	310,191,016
Treasury bonds	1,481,004,909	80,697,980	(472,932,430)	(46,428,144)	(13,624,851)	1,028,717,464
Corporate bonds	14,852,608	-	-	-	(39,851)	14,812,757
Offshore private equities	370,922,157	39,565,603	-	(48,227,050)	-	362,260,710
	<u>2,462,140,706</u>	<u>120,263,583</u>	<u>(767,156,703)</u>	<u>(85,600,936)</u>	<u>(13,664,700)</u>	<u>1,715,981,947</u>
At amortized cost						
Fixed and call deposits	63,714,668	1,712,000,000	(1,557,500,000)	-	3,123,129	221,337,797
	<u>2,525,855,374</u>	<u>1,832,263,583</u>	<u>(2,324,656,703)</u>	<u>(85,600,936)</u>	<u>(10,541,571)</u>	<u>1,937,319,744</u>

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The fair values of government securities are based on prices published by brokers (Level 1). Fair values of corporate bonds and term deposits are based on discounted cash flows using a discount rate based on current market rates offered for deposits with similar credit risk and maturity dates (Level 2).

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2025				
Quoted equities in Kenya	261,995,947	-	-	261,995,947
Government bonds	966,737,139	-	-	966,737,139
Corporate bonds	-	14,887,526	-	14,887,526
Offshore private equities	-	336,055,913	-	336,055,913
Totals	1,228,733,086	350,943,439	-	1,579,676,525
At 30 June 2024				
Quoted equities in Kenya	310,191,016	-	-	310,191,016
Government bonds	1,028,717,464	-	-	1,028,717,464
Corporate bonds	-	14,812,757	-	14,812,757
Offshore private equities	-	362,260,710	-	362,260,710
Totals	1,338,908,480	377,073,467	-	1,715,981,947

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (c) Investments (continued)

The following table analyses investments other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period at 30 June 2025 to the contractual maturity date.

	Up to 3 months Kshs	4 to 12 months Kshs	1 to 5 years Kshs	Over 5 years Kshs	Total Kshs
Treasury bonds	-	-	313,183,383	653,553,756	966,737,139
Corporate bonds	-	-	14,887,526	-	14,887,526
Fixed and call deposits	32,029,163	-	-	-	32,029,163
Totals	32,029,163	-	328,070,909	653,553,756	1,013,653,828

The following table summarizes the weighted average effective interest rates at the year-end on the main interest-bearing investments

The following investments in a single institution exceed 5% of the net assets of the Scheme

	2025	2024
Treasury bonds	25.98%	21.88%
Local and regional equities	7.04%	6.60%
Offshore private equities	9.03%	7.71%

The Scheme does not hold more than 10% of the equity of any quoted company.

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	2025	2024
	Kshs	Kshs
13 Cash and cash equivalents		
(a) NCBA Bank custody accounts - GenAfrica	22,264,684	6,133,506
NCBA Bank custody accounts - Britam	11,281,457	12,944,142
	<u>33,546,141</u>	<u>19,077,648</u>
(b) For the purposes of cash flows statement, cash and cash equivalents comprise of the following:		
Cash held by custodians	33,546,141	19,077,648
Fixed and call deposits	32,029,163	221,337,797
	<u>65,575,304</u>	<u>240,415,445</u>
14 Withdrawal benefits		
Unpaid benefits	160,973,513	1,280,205
Benefits held in trust	570,636,738	467,087,225
Unpaid benefits in arrears	1,093,595,721	-
Benefits payable as at year end	<u>1,825,205,972</u>	<u>468,367,430</u>
15 Accounts payable		
Management fees payable	1,523,812	1,159,315
Custodial fees payable	617,131	320,962
RBA levy payable (Note 18)	3,381,312	5,000,000
Audit fees payable	330,600	420,000
Administration fees payable	2,133,236	1,874,716
Rent deposits	14,757,466	15,312,466
Property management expenses	1,508,161	1,409,508
Accrued expenses	537,267	-
	<u>24,788,985</u>	<u>25,496,967</u>
16 Related party balances		
(a) Trust Fund assets		
Cash at bank: NCBA Bank custody account	833,119	249,808
Fixed and call deposits	20,203,426	72,494,536
Treasury bills	9,442,374	-
Treasury bonds	540,157,819	394,342,881
	<u>570,636,738</u>	<u>467,087,225</u>
(b) Trust Fund liabilities	<u>570,636,738</u>	<u>467,087,225</u>

Trust Fund liabilities consist of benefits payable and school fees commitments.

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17 Tax status of the Scheme

Kenyatta National Hospital Staff Retirement Benefits Scheme has been approved by the Kenya Revenue Authority (KRA) and is exempt from income tax (Income Tax Act -1st Schedule 14) on its investment income.

18 RBA levy for the Scheme

		Annual levy rate % of the Scheme
For the 1 st Kshs 500 million of the fund		0.20%
Above Kshs 500 million but not more than Kshs 1,000 million		0.15%
Above Kshs 1,000 million but not more than Kshs 5,000 million		0.10%
More than 5,000 million (Maximum levy of Kshs. 5,000,000)		
RBA levy	3,381,362	5,000,000
Levy payable brought forward	5,000,000	5,000,000
Levy charge for the year (Note 8)	3,381,362	5,000,000
Levy paid during the year	(5,000,050)	(5,000,000)
Levy payable as at year end (Note 15)	3,381,312	5,000,000

19 Actuarial position

The last full actuarial valuation of the Scheme was performed by Minet Kenya Consulting Limited on 30 June 2024 using the attained age method, based on the membership of the Scheme as at the valuation date. The valuation revealed that, as at 30 June 2024, the Scheme had a funding deficit of Kshs. 17,558 million and a funded ratio of 21.1%. The level of funding at the valuation date was lower than the RBA's minimum funding requirement of 100%. In accordance with the legal requirement, the next actuarial valuation will be undertaken as of 30 June 2027 (Actuaries recommend 30 June 2026).

	30 June 2024 Kshs 'million'	30 June 2021 Kshs 'million'
Future benefits to current pensioners	5,753	3,818
Active members accrued benefits	12,854	10,719
Deferred pensioners and outstanding benefits	119	296
Members with pending benefits	452	-
Provision for recalculations	2,207	-
Trust Fund benefits	467	-
Additional voluntary contributions	-	0.75
Contingent reserve/ expense	407	110
Total liabilities	22,259	14,944
Value based on Scheme Assets	4,701	7,486
Deficit	(17,558)	(7,458)
Funding level	21.1%	50.1%

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Actuarial position (continued)

The financial assumptions adopted for the valuation included the following:

	2024	2021
	Minet	Actserv
	% per annum	
Valuation interest rate	10%	10%
Salary escalation rate	7%	7%
Pension escalation	3% for service A	3% for service pre-July 1998
	0% for service B, C and D	0% for service post-June 1998
Inflation rate	5%	-
	¼% of current employees and	
Scheme expenses	current pensioners' actuarial	-
	liabilities	
Commutation	Retiring members commute	-
	one third of their pension	
Rate of increase to	-	3% p.a while in deferment
deferred pension		

20 Contingent liabilities

The Scheme's contingent liabilities as at 30 June 2024 mainly comprised of the liability to pay future pensions and other benefits.

In addition, the Scheme has been issued a tax demand notice of Kshs. 15,450,936 by the Kenya Revenue Authority relating to the financial years 2018 - 2020. The Scheme has filed an objection to the tax demand and the matter is still under review by Kenya Revenue Authority.

20 Registration

The Scheme is registered in Kenya under the Retirement Benefits Act, Cap 197, registration certificate number 0054.

21 Currency

The financial statements are presented in Kenya Shillings (Kshs).