

**2022**



**KenGen**  
**DC Scheme**



# **Annual Report**

**AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**



**KenGen**  
**DC Scheme**



## MISSION

To provide the best retirement benefits to members through prudent investments.



## VISION

To be a leading pension Scheme in the region that provides best-in-class service to its members.



## CORE VALUE

### **Customer- Focus**

Quality first as we strive to meet our customers expectation.

### **Integrity**

Acting ethically in every endeavor.

### **Innovation**

Foster creativity & innovation.



## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of KenGen Defined Contribution (DC Scheme) will be held at Sondu Power Station, Football Field and streamed via Zoom **on 15<sup>th</sup> July 2022 from 11:00 AM to 12:00 PM.**

### THE AGENDA OF THE MEETING WILL BE:

- ✓ To read the Notice Convening the Meeting.
- ✓ To receive the Chairman's Report.
- ✓ To receive the Fund Managers' Reports.
- ✓ To receive the Custodial Report.
- ✓ To receive the Administrator's Report.
- ✓ To receive the Scheme's audited financial statements for the period ended 31<sup>st</sup> December, 2021 together with the Auditors' Report thereon.
- ✓ To receive RBA's remarks.
- ✓ Plenary Session.
- ✓ Any Other Business.
- ✓ Closing Remarks.

**This will be a Hybrid AGM. Members from Western Hydros Region will attend physically and all other members will join virtually.**

#### By Order of the Board

**Josphat Muriuki**  
CEO & Trust Secretary  
15<sup>th</sup> June 2022

#### For any queries you may:

- ✉ Email us on [info@kengensrbs.co.ke](mailto:info@kengensrbs.co.ke)
  - ☎ Call us on 0711 036 962 / 32 [www.kengensrbs.co.ke](http://www.kengensrbs.co.ke)
  - 📘 KenGenSRBS [@KenGensrbs](https://twitter.com/KenGensrbs) [@KenGenSRBS](https://www.youtube.com/channel/UCv8v8v8v8v8v8v8v8v8v8v8)
- P.O Box 47936 – 00100, Nairobi, Kenya

# TABLE OF CONTENTS

## 1 Our Business

Mission, Vision & Core Values	3
About the Scheme	8
Scheme Highlights	9
Scheme Registered Office	10

## 2 Scheme Governance

Board of Trustees	14
Chairman's statement	18
Trust Secretary's Report	22

## 3 The Management

The Secretariat	26
Management Team	28

## 4 Financials

Scheme Governance	30
Report of the Trustees	31
Statement of Trustee's Responsibilities	35
Independent Auditor's Report	36
Notes to the Financial Statements	42
Industries Statistics	62

## 5 Gallery

APTAK Awards	63
AGM 2021	65
Members Engagement	66

**2019****STRATEGIC PLAN****2028****Align Investment to Achieve High Returns While Protecting Capital**

- Board focused on returns and making the right asset allocation.
- Diversify to new high yielding asset classes.

**Improve Member Services and Cost Management**

- Members have been engaged and the member education exercises have been done.
- The Scheme has continued to pro-actively reduce costs.
- Operational efficiency and effectiveness has been improved through the ERP.

**Optimize Human Resource and Governance Functions**

- The Board is engaged, well-trained and active
- A high integrity and unified organization
- Uphold good corporate governance standards
- Highly motivated staff



**OUR BUSINESS**

## ABOUT THE SCHEME

The Defined Contributions (DC) Scheme is an occupational Scheme of KenGen staff and has 2,395 members with a Fund Value of Kshs. 9.11B as at 31<sup>st</sup> December 2021. The DC Scheme was established with effect from 1<sup>st</sup> January 2012 and is governed by its Trust Deed and Rules (TDR). The objective of the Scheme is the “provision of retirement benefits to employees of the sponsor and the participating employers upon their retirement or earlier withdrawal and to the dependents of deceased members” as provided in the Trust Deed of the Scheme.



**2,395**  
members



**Kshs. 9.11B**  
Fund Value

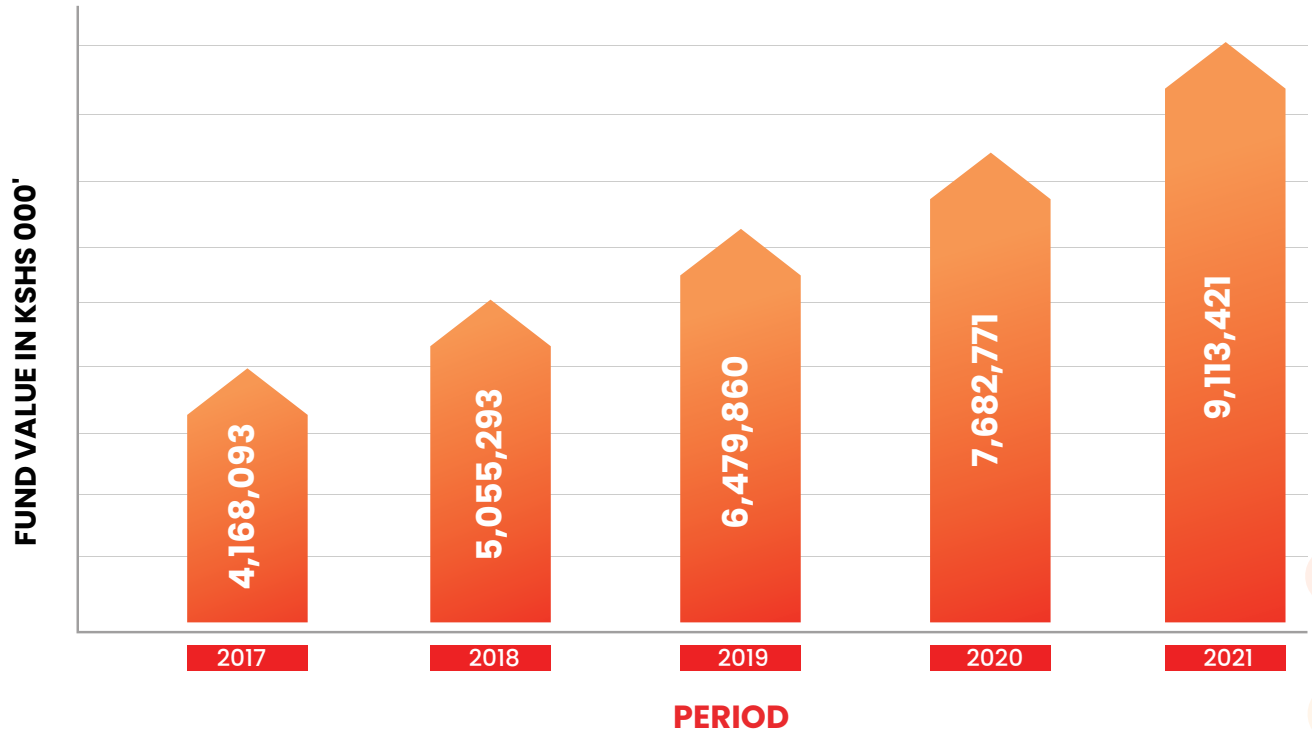


Formulation of the strategic Plan

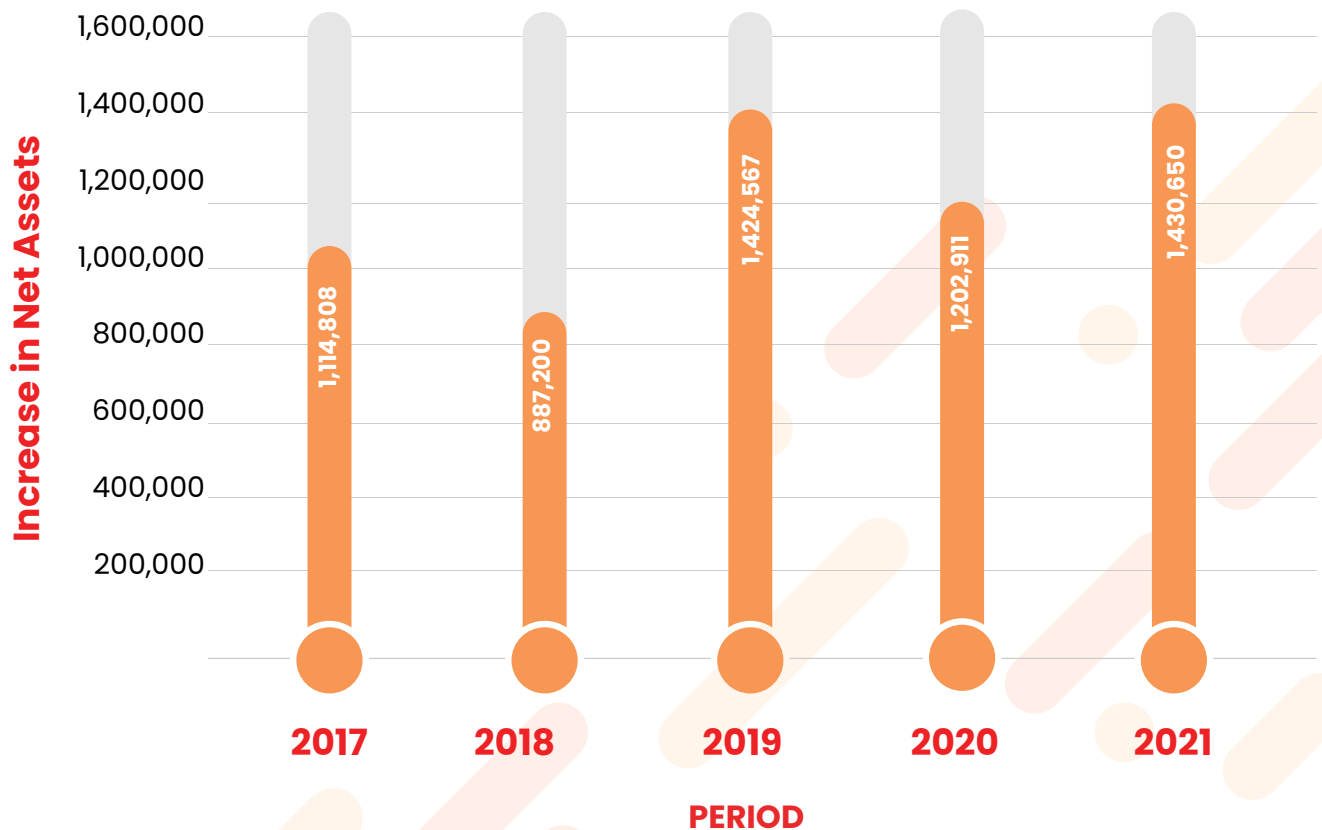
**2019–2028**

## SCHEME HIGHLIGHTS

### Fund Value Movement (Kshs.'000')



### Growth in Assets (Kshs.'000)



# SCHEME REGISTERED OFFICE AND PROFESSIONAL ADVISORS

## TRUSTEES

Ernest N Nadome	Chairman
Rebecca Miano	
Peter Mutemi	
Abraham Serem	
Charles Masio	Appointed 23 <sup>rd</sup> April, 2021
Asaria Onsoti	Appointed 23 <sup>rd</sup> April, 2021
Muli Maluki	Retired 23 <sup>rd</sup> April, 2021
Joan Chahenza	Retired 28 <sup>th</sup> Feb 2021
Musa Arusei	Retired 22 <sup>nd</sup> April 2021
David Mwangi	Retired 31 <sup>st</sup> October 2021
Josphat Muriuki	Trust Secretary



## CUSTODIAN

Co-operative Bank Kenya Ltd  
Co-operative Bank House  
P.O Box 48231 - 00100  
Nairobi



## AUDITOR

Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Deloitte place  
Waiyaki Way Muthangari  
P.O Box 40092 - 00100  
Nairobi



## ADMINISTRATOR

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



## BANKERS

Co-operative Bank of Kenya Ltd  
Co-operative Bank House  
P.O Box 48231 - 00100  
Nairobi



## INVESTMENT MANAGERS

ICEA Lion Asset Managers Limited  
ICEA LION Riverside  
P.O Box 27639 - 00506  
Nairobi

Old Mutual Investment Group Limited  
Mara and Hospital road  
P.O Box 11589 - 00400  
Nairobi



## REGISTERED OFFICE

KenGen Pension Plaza 2, 11<sup>th</sup> Floor.  
Kolobot Road, Parklands  
P.O Box 47936 - 00100  
Nairobi



## REPORT OF THE TRUSTEES

The Trustees present their report together with the audited financial statements for KenGen Defined Contribution (DC) Scheme 2012 (the "Scheme") for the year ended 31<sup>st</sup> December 2021, which disclose the state of affairs of the Scheme.

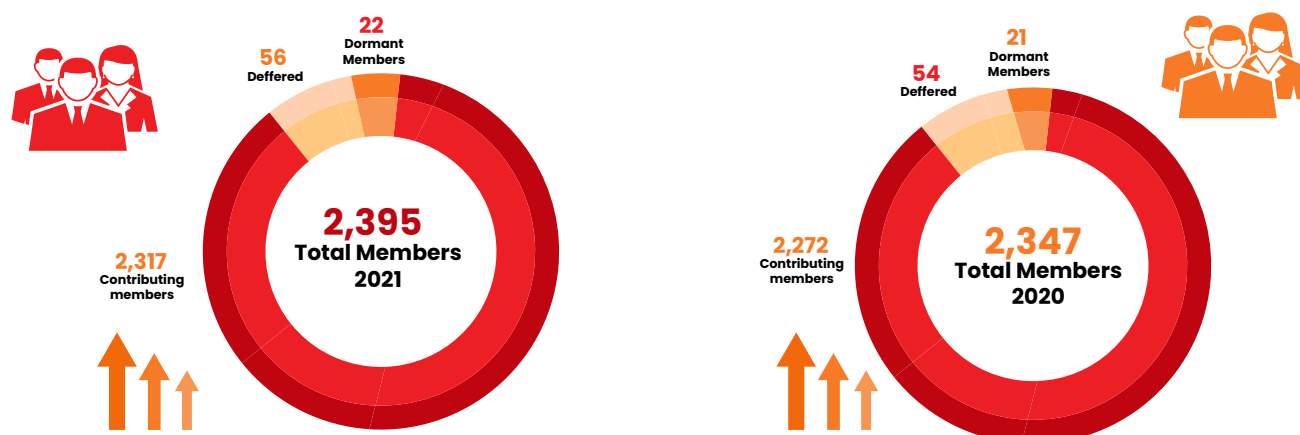
### Establishment, nature and status of the Scheme

The Scheme was established with effect from 1<sup>st</sup> January 2012 and is governed by a Trust Deed dated 1<sup>st</sup> January 2012.

The Scheme is a defined contribution Scheme and provides retirement benefits for the staff of Kenya Electricity Generating Company Limited (KenGen). It is an exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority under Certificate number 01359. The Scheme is governed by Trust Deed and Rules. Contributions to the Scheme by both the employer and employees are at the rate of 10% for the employees and 20% for the employer of the individual members' basic salaries.

	2021	2020
<b>Contributing members</b>		
At start of year	2,272	2,073
Joiners	134	293
Reinstatement	-	1
	<b>2,406</b>	<b>2,367</b>
Less:		
Retired with pension	(66)	(80)
Death in service	(14)	(9)
Other secessionists	(9)	(6)
<b>At end of year</b>	<b>2,317</b>	<b>2,272</b>
<b>Dormant members</b>		
At start of year	21	21
Joiners	5	1
	<b>26</b>	<b>22</b>
Less:		
Retired with pension	(2)	-
Other secessionists	(2)	(1)
<b>At end of year</b>	<b>22</b>	<b>21</b>
<b>Deferred members</b>		
At start of year	54	54
Joiners	3	5
	<b>57</b>	<b>59</b>
Less:		
Other secessionists	(1)	(5)
<b>At end of year</b>	<b>56</b>	<b>54</b>
<b>Total Membership</b>	<b>2,395</b>	<b>2,347</b>

## REPORT OF THE TRUSTEES (Continued)



### Financial Review

The statement of changes in net assets available for benefits on page 39 shows an increase in the net assets of the Scheme for the year of Kshs. 1,430,650,000 (2020: Kshs. 1,202,911,000) and statement of net assets available for benefit on page 40 shows the Scheme's net assets as Kshs. 9,113,421,000 (2020: Kshs. 7,682,771,000).

### Investment of funds

Under the terms of their appointment ICEA Lion Asset Managers Limited and Old Mutual Investment Group Limited are responsible for advising the Trustees on investment of the available funds.

The overall responsibility for investment and performance lies with the Trustees. The Scheme's investment managers are guided by an established investment policy. The make up of the investments as at the year end is summarised below:

	2021	%	2020	%	RBA Limit %
Equities	2,054,452	21.3%	1,409,762	18%	
Government Securities	5,133,627	53.2%	5,218,184	68%	70
Corporate Bonds	38,475	0.4%	-	-	70
Fixed Deposits	698,865	7.2%	310,185	4%	30
Investment Property	1,288,680	13.4%	575,001	8%	15
Private Equity	153,877	1.6%	116,492	2%	30
Treasury Bills	21,772	0.2%	-	-	30
Offshore	260,555	2.7%	-	-	
	<b>9,650,303</b>	<b>100%</b>	<b>7,629,624</b>	<b>100%</b>	

We confirm that there is neither self-investment nor have any Scheme assets been used as security or collateral on behalf of the employer or any connected business or individual.



# **SCHEME GOVERNANCE**

## BOARD OF TRUSTEES



**Ernest Nadome**  
Chairman

He is the Chairman of the Board of Trustees. He was appointed to the Board of Trustees as a member elected trustee in 2017. He holds a Master of Arts (MA) in Labour Management Relations, Bachelor of Arts(B.A) Degree (Hons). He is well versed in energy, human resources and labour matters, having worked for The Kenya Power and Lighting Company PLC and KenGen PLC for 17 years. He is the General Secretary of the Kenya Electrical Trades & Allied Workers Union (KETAWU) a position he has held for the past 17yrs.



**Rebecca Miano MBS**  
Trustee

She was appointed to the Board of Trustees in 2017 as a Sponsor appointed Trustee. She is a member of Investment & Strategy Committee and Administration & Communication Committee. She holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Postgraduate studies in Comparative Law. In 2010, she completed the Advanced Management Program from Strathmore University. She is a registered Certified Public Secretary of Kenya and is a Member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK). She has attended various leadership and business programs over her career. Additionally, she is a Commissioner of Oaths (Since 2001), a Notary Public (since 2003) and a finalist of the Chartered Arbitrators. She won the Company Secretary of the Year award in the Champions of Governance Awards 2010 series. She is currently the MD and CEO of KenGen PLC.



**Abraham Serem**  
Trustee

Mr. Abraham Serem was appointed to the Board of Trustees in 2016 as a Sponsor nominated trustee. He is the Chairman of the Investment & Strategy Committee and a member of Administration & Communication Committee. He is a seasoned human resource practitioner with vast experience both in Kenya and East Africa. He holds a Bachelor of Arts degree from the University of Nairobi. His other professional qualifications include: Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching. He is a member of the Institute of Human Resource Management. Prior experience includes: Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions. He is currently the General Manager, Human Resources & Administration at KenGen PLC.



## Peter Mutemi

### Trustee

He has over 34 years experience in the energy sector having been employed by East African Power in 1982 then KPLC and thereafter KenGen PLC. He has been a union leader since 2003 where he has been the National Treasurer for Kenya Electrical Trades & Allied Workers Union (KETAWU). He is also the Team leader in Negotiations & Central Joint Council. He was appointed to the Board of Trustees on 2017 as a Member Elected Trustee.

He is a member of Investment & Strategy Committee and Audit & Risk Management Committee. He is currently a Senior Assistant Lab Foreman II at KenGen Olkaria Power Station and a Change Agent.



## Charles Masio

### Trustee

He was appointed to the Board of Trustees in April 2021 as a Member Representative Trustee. He is the Chairman of the Audit & Risk Management Committee and a member of the Investment & Strategy Committee.

He holds a Bachelor of Commerce degree in Accounting & Business Administration, Master's in Finance from The University of Nairobi and currently undertaking his PhD. in Project Finance from Jomo Kenyatta University of Agriculture and Technology. He is a member of the Association of Chartered Certified Accountants (ACCA – International). He has attended several courses on Leadership, Corporate Governance, Financial Management and Projects Management.

He previously served as the Chief Finance Officer (CFO) in both Geothermal and Western Region. He is currently the Assistant Manager, Financial Performance & Budget Control at KenGen PLC.





### **Eng. Asaria Onsoti**

#### **Trustee**

He was elected to the Board of Trustees in April 2021 as a member representative trustee. He is a member of the Administration & Communication Committee and Audit & Risk Management Committee.

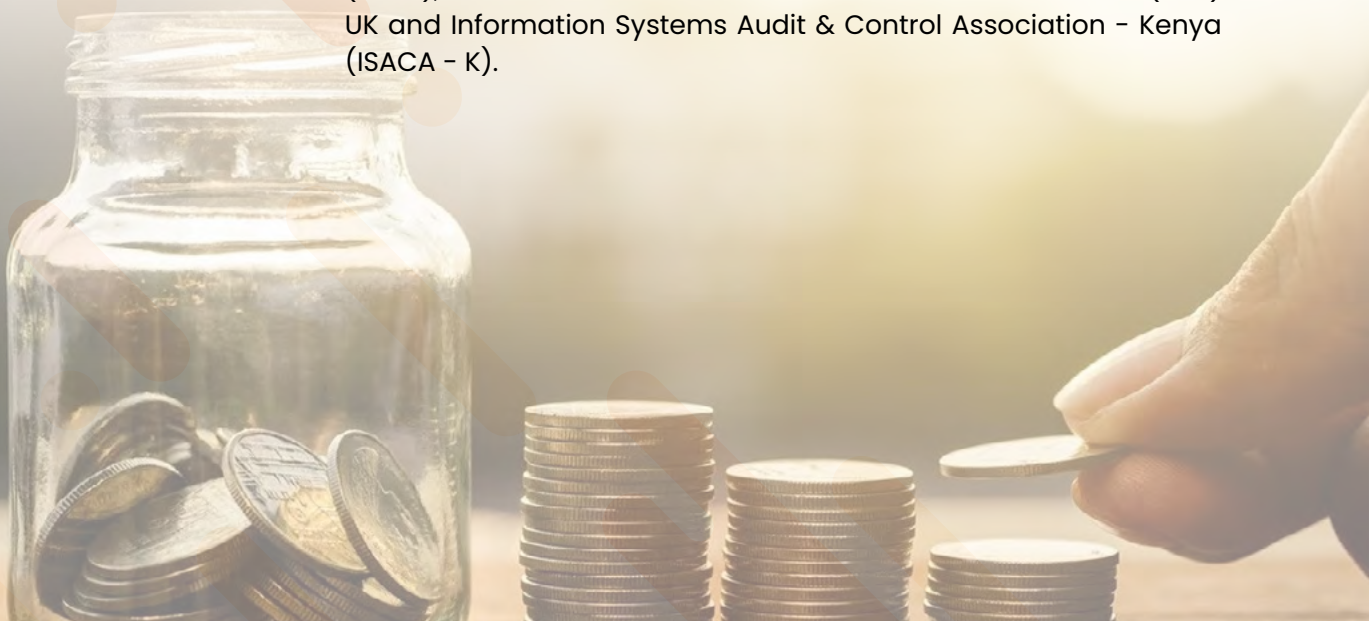
He holds a Bachelor of science in Mechanical Engineering with honours from JKUAT, a certificate in Geothermal Drilling Management from Japan and is a CPA finalist. He has also completed a course in Project Management Professional from Strathmore business School. He is among the founding members of the Institution of Engineers of Kenya – South Rift Branch where he Currently serves as the Honorary Secretary. Additionally, he is a church elder, a professional engineer in EBK, a corporate member in IEK, A Member of ICPAK, GAK and AEPEA. He is currently the Senior Engineer in charge of all KenGen Drilling rigs.



### **Josphat Muriuki**

#### **Trust Secretary**

He was appointed Chief Executive Officer and Trust Secretary in 2016. He holds a Master of Business Administration (MBA-Finance) and Bachelor's Degree in Applied Statistics (Actuarial Science). He is a Certified Investment and Financial Analyst (CIFA), a Certified Information and Security Auditor (CISA) and a Certified Pensions Trustee (CPT). He is a student at Jomo Kenyatta University of Agriculture and Technology pursuing a PhD in Leadership & Governance. He has wide experience in Pensions, Finance, Accounting and Investments spanning over 10 years having previously worked as the Pensions Administration Manager with Liaison Group (I.B) Ltd a leading Risk, Insurance, Pensions and Investments Consultancy in Eastern Africa. He is a member of Institute of Certified Investment and Financial Analysts of Kenya (ICIFA), The Chartered Institute for Securities & Investment (CISI) UK and Information Systems Audit & Control Association – Kenya (ISACA – K).





**Ernest Nadome**  
**Chairman**

## CHAIRMAN'S STATEMENT

### Dear Members

**A**s Chairman, it is my honour to report the Annual Financial Report of KenGen Defined Contribution (DC) Scheme 2012. Before I deliver the report on this year's activities, I will take a moment to reflect on the 10 years since DC Scheme's inception.

The Scheme was formed by an irrevocable trust in 2012, with a singular mandate "to ensure sustainable retirement benefits to its members and beneficiaries." Over the ensuing years, numerous developments have taken place; we began serving 1,634 members, consisting of 162 joiners and 1,472 members who transferred their benefits from DB.

**41%** ↑↑↑

We now serve more than 2,300 members, a 41% growth in membership over the period.

We now serve more than 2,300 members, a 41% growth in membership over the period. And, while this milestone 10th anniversary naturally has us looking back at what has brought us to this chapter in the life of the Scheme, this is a forward-looking organization by nature. Making decisions today with a view to the best interests of multiple generations is key to our mindset, and this draws our focus continually toward long-term performance. Since inception, the Scheme has repeatedly demonstrated that it can accomplish what it sets out to do. Our results this past fiscal year, where the total Fund stood at Kshs. 9.11 billion, a shy away from Ksh 10 billion of assets, are a prime example of the work the Board does to contribute to the sustainability of the Scheme.

We are delighted at the growth, whereby we now not only administer the DC Scheme but also an Income drawdown fund for our retired members. We plan to establish a voluntary member funded post-retirement medical fund while in the employer's service. The contributions shall be invested and returns credited in a member's account.

### Operating Economic Environment

In the Year 2021, Kenya's economy expanded at 5% & 5.9%, according to World Bank & IMF estimates, respectively. This was a strong recovery from a growth of -0.3% in the previous fiscal year. The growth was supported by a continued recovery in most of the economic sectors. Also, Kenya's Covid-19 vaccination program picked up speed towards the end of the year, spurring rapid economic recovery. The year was marked with continued business optimism, largely driven by improved business on ease of Covid-19 measures and continued government spending on infrastructure.

### Pensions Regulatory Environment

On the retirements regulatory, amendments were made to Regulation 19 through Legal Notice No. 164 (10th August 2021). Members leaving the Scheme prior to attaining the specified early retirement age can only opt for payment of not more than 50% of the total accrued benefits. This is an amendment from the previous regulation whereby members could access 50% employer contribution and 100% employee contribution together with the accrued investment income.



This past fiscal year the total Fund stood at

**Kshs. 9.11 Billion**

### Scheme Investments overview

The Scheme's Investment Portfolio is broadly diversified, holding investments ranging from publicly traded short-term & long-term government securities, real estate and privately held equity investments. The scale and breadth of investments make the management and oversight of these assets highly complex.

With approximately Kshs. 9.11 billion in net assets as of December 31<sup>st</sup>, 2021, Scheme assets twelve-months growth has been phenomenal, an 18% increase, attributable to growth in contributions and investments income. The Scheme declared a net rate return of 10.4%. Growth was driven by strong performance across all markets.

### Board of Trustees

In accordance with the RBA Act and Scheme Rules and Regulations, the Board of Trustees is duly constituted. The names of the Scheme Trustees for the reporting period are shown on pages 14-16 of this Annual Report.



## Kshs. 9.11 Billion

in net assets as of December 31, 2021, Scheme assets twelve-months growth has been phenomenal, an 18% increase, attributable to growth in contributions and investments income.

### Perspective of the Scheme's Future

As we take a leap into year 2022, the economic outlook remains positive; it is expected to expand at 4.7%, however at a slower rate than that of the previous period. There are various supportive factors to allow the economy to expand. We, however, remain cautious of the risks that include the geopolitical conflict between Russia & Ukraine, rising fuel prices and the resurgence of new variants of Covid-19 virus.

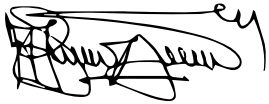
Another concern is that the business environment may be affected by increased political activity, in the near term, but we remain optimistic that business activity will pick up after the conclusion of the elections.

We remain aware of uncertainties presented in the financial market, and that notwithstanding, we are set to accomplish our goals and objectives clearly laid out in our strategic plan. Members, the board shall maintain a disciplined asset mix while constantly review the same in addition to review of other actions that can reduce risks and costs across the Scheme.

Long-term value creation is the essence of our commitment. We remain committed to serving our members and ensuring the pension fund continues to pay promised pension benefits for this and future generations.

### Appreciation

Our commitment to stewardship ensures we are here for our members long after they dedicate their careers to provide energy for the Nation of Kenya as we continue to deliver on our mission: "To provide the best retirement benefits to members through prudent investments". We would not do this without your support. To the Sponsor, we say thank you for the relentless support. I also extend my gratitude to my colleagues in the Board, all professional advisors, the Secretariat and most importantly you members for working with our leadership during the year 2021 as we drive the commitment to provide sustainable retirement benefits. Thank you!



**ERNEST NADOME**

CHAIRMAN

KenGen DEFINED CONTRIBUTION (DC) Scheme 2012





**JOSPHAT MURIUKI**  
**CEO & Trust Secretary**

## TRUST SECRETARY'S STATEMENT

**To our Members, the Board of Trustees, and all Stakeholders,**

The 2021 Annual Financial Report issued by KenGen Defined Contribution Scheme 2012 details the performance for the fiscal year beginning January 1, 2021 and ended December 31, 2021.

### Strategic Direction

In our 3rd year of implementing the Scheme's 10-year strategy, we continue to offer investment oversight of the DC fund with an aim to a highly diversified, liquid, and resilient portfolio. We continue to enhance diversification through undertaking investment in offshore markets (geographical diversification), exposure in private equity investments (asset diversification) and engaging two top-quartile fund managers (investment manager diversification).

These efforts are projected to generate high returns with a significant reduction of risks. In the year 2021, we declared a return of 10.4% an increase from last year's return of 7.57%.

### Our Commitment to Sustainability

We have a duty to administer the Scheme with care, skill, prudence, and diligence, and we believe a corporate environment that values sustainability is key. We demonstrate our commitment to sustainability as leaders in corporate governance through our robust risk management plan, by developing top-tier staff and professionals to meet the needs of our changing business environment, and by dedicating resources to increase our members' financial awareness.

Major initiatives with significant impacts in areas of Benefits Administration and Customer Focus are summarized below.

## Major initiatives

### 1. Internal Scheme Administration

We obtained an approval from the Retirements Benefits Authority (RBA) to provide internal administration to the Scheme with effect from 1st January 2022. Through this, we seek to enhance services to members and their beneficiaries, gain long-term operational efficiencies; and improve internal controls. We have a quality Enterprise Resource Planning (ERP) system with modern functionality that meets our goals and the needs of our stakeholders

### 2. Formation of an Income Drawdown (IDD) Fund

In the year 2021, the Trustees made an application to the RBA to receive approval to set-up an in-house Income Drawdown Fund. A retired member commits part of their benefits to an income drawdown fund where the funds are invested and returns credited to the member account. Every year, the member draws a percentage of the benefits into regular instalments while the balance remains invested in the fund. This allows members to draw retirement pension from a source known to them.

### 3. Helping Our Members build their Futures

Supplemental savings are essential. We dedicate resources to provide our members with retirement planning tools throughout their careers. We not only promote awareness of their Scheme benefits but also educate them on the importance of saving early through workshops offered at every career stage. Recognizing that accurate and complete reporting of member data is essential, we also partner with the Sponsor to continually update our records. In the last year, we ran a successful campaign for members to update their Nominated Beneficiaries. If you may have missed out, kindly update with the HR or Scheme office.

#### 4. Assets Diversification

The Board has intensified the Scheme's diversification strategy through investing into two Pan-African private equity funds, real estate investments and offshore mutual funds. The alternative investments provide the Scheme with potential high returns while managing risks and increasing its geographic diversification.

#### Risk management

We regularly review enterprise-level risks related to the accomplishment of our strategic goals and objectives, while considering internal and external factors that could be catalysts for emerging risks. The COVID-19 pandemic illustrated how our strong risk management plan allowed us to effectively execute our existing emergency business continuity plans to ensure core business functions—managing investments, collecting contributions, and paying benefits—were maintained. We continue to work with an internal auditor to identify, assess and monitor risks that could cause significant downside erosion to Scheme investments and operations.

## Awards

### Best Investment Strategy – Pension Schemes Category

The Scheme won the prestigious Association of Pension Trustees and Administrators of Kenya (APTAK) award under the Best Investment Strategy noting the Scheme's versatility with a diversified portfolio. This is a confirmation of the Board's agenda to have a diversified portfolio which results in the management of risk with better returns.

We remain optimistic about the future of our investments, to ensure we consolidate your investment wealth to support you in later years off active service together with your generations. As our Member, join us in celebrating this win.



### Our appreciation

We believe we are all led to achieve a common goal – retirement security to our members. Thank you, all my colleagues at the Secretariat and to all our professional service providers. You have all offered a supportive framework towards achieving this. The Board of Trustees has provided us with leadership and guidance and believed us to execute their mandate. We say thank you. Finally, a big thank you, to our members for allowing us to help you build your retirement basket.



**Josphat Muriuki**

CEO & Trust Secretary



A close-up photograph of two chess knight pieces, one light-colored and one dark-colored, facing each other on a wooden chessboard. The background is dark and out of focus. The image is split diagonally from the top-left to the bottom-right. The top-left half is black, and the bottom-right half is white. A red rectangular box with a white diagonal line is positioned in the lower-left quadrant, overlapping the white background. The word "MANAGEMENT" is written in white, bold, uppercase letters inside this red box. The bottom of the white background features several abstract, overlapping, rounded rectangular shapes in shades of orange, yellow, and light blue.

**MANAGEMENT**

# THE SECRETARIAT

**Billy Olick**  
Procurement  
Officer

**Josphat Muriuki**  
Chief Executive Officer and  
Trust Secretary

**Anthony Mang'eli**  
Senior Property Officer

**Nicodemus Kiptoo**  
Senior Finance Officer



**Evelyne Mwangi**  
Investment Analyst

**Shalin Kyalo**  
Pension  
Administration  
Assistant

**Purity Kamau**  
Senior Pensions  
Administration Officer

**Albert Anam**  
Pensions Administration  
officer

**Peter Miano**  
Senior ICT &  
Database Officer

**Lawrence Paschal**  
ICT Support Assistant

**Francis Maina**  
Property Maintenance  
Technician

**Rashid Kanyua**  
Financial Accountant



**Jane Namnyak**  
Hospitality Assistant

**Maryanne Muthuri**  
Admin/Office Assistant

**Hannah Nguhi**  
Senior Investment  
Officer

# MANAGEMENT



## Josphat Muriuki

Chief Executive Officer and Trust Secretary

He was appointed Chief Executive Officer and Trust Secretary in 2016. He holds a Master of Business Administration (MBA-Finance) and Bachelor's Degree in Applied Statistics (Actuarial Science). He is a Certified Investment and Financial Analyst (CIFA), a Certified Information and Security Auditor (CISA) and a Certified Pensions Trustee (CPT). He is a student at Jomo Kenyatta University of Agriculture and Technology pursuing PhD in Leadership & Governance. He has wide experience in Pensions, Finance, Accounting and Investments spanning over 10 years having previously worked as the Pensions Administration Manager with Liaison Group (L.B) Ltd a leading Risk, Insurance, Pensions and Investments Consultancy in Eastern Africa. He is a member of Institute of Certified Investment and Financial Analysts of Kenya (ICIFA), The Chartered Institute for Securities & Investment (CISI) UK and Information Systems Audit & Control Association - Kenya (ISACA - K).



## Purity Kamau

Senior Pensions Administration Officer

She joined the Scheme in 2009 and is the Senior Pensions Administration Officer, in charge of the Pension Administration Department. She has over 24 years of experience in Human Resource and Pensions Administration. She holds a bachelor's degree in Business Administration, Diploma and Advanced Diploma in Business Administration with the Association of Business Executive (ABE) UK, Certificate of Proficiency in Insurance (COP), Insurance Fundamentals and Life & Pension Business and Senior Management Course with the Kenya School of Government. She is a Certified Pension Analyst Manager (CPAM) by Global Academy of Finance Management. She is a member of the Association of Pension Trustees & Administrators of Kenya, the Association of Business Executives and Global Academy of Finance Management. Before joining the Scheme, she worked in the Human Resources departments of KenGen, Kenya Power and Daystar University.



## Hannah Nguhi

Senior Investment Officer

She joined KenGen Staff Retirement Benefits Scheme in April 2013 and is the Senior Investment Officer in-charge of the Investment Department. Ms. Hannah Nguhi is a versatile investment professional with over 14 years' experience in the pension industry cutting across investment management (equities, fixed income & offshore products), corporate financing & pension administration. She holds a Master's degree in Business Administration (Finance) from the University of Nairobi, a Bachelor of Science in Actuarial Science from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and is currently pursuing the Certified Investment and Financial Analyst (CIFA) qualification. She is an associate member of Kenya Institute of Management. Prior to joining KenGen SRBS, Hannah served as a Portfolio Manager at Dry Associates Ltd. She has also served as a Pensions Administrator at Zamara Financial Services (formerly Alexander Forbes).



## Peter Miano

Senior ICT & Database Officer

Peter Miano joined KenGen Staff Retirement Benefits Scheme in January 2014 and is the Senior ICT & Database Officer in-charge of the ICT and Database Department. He has over 12 Years' experience in the Information and Communication Technology sector. He holds a Masters of Business Administration (MBA) Strategic Option and a Bachelor of Science Degree in Information Technology with honours both from JKUAT. He also holds a Diploma in Information Technology. He is a distinguished fellow member of the Computer Society of Kenya. He is a Cisco Certified Network Associate, PRINCE2 Certified and a Certified Information Security Management Systems Lead Implementer ISO 27001. He has other professional training in Axis Fundamentals and IT Corporate Governance. Prior to his employment, he has also worked with several other reputable firm that is Postal Corporation of Kenya, Kenya National Bureau of Statistics, Kenya Shell and executed projects with HP and UNEP.



## Nicodemus Kiptoo

Senior Finance Officer

He joined KenGen staff Retirement Benefits Scheme in March 2022 and is the Senior Finance Officer in Charge of Finance Department. He has over 11 years' experience in Financial Management, Accounting, Taxation, Risk Management, internal controls, Budgeting and Audits. He holds a B Ed Accounting, Commerce and Economics degree from the University of Nairobi (UON) and is currently pursuing a Master of Business Administration (Finance Option). He is also a Certified Public Accountant (CPA-K) and a member of ICPAK of good standing.

Prior to joining KenGen SRBS, Nicodemus worked with CPF Financial Services as a Financial and Management Accountant. He has also served as the Cost and Management Accountant at New KCC Ltd.



## Anthony Mang'eli

Senior Property Officer

He joined KenGen Staff Retirement Benefits Scheme in November 2016 and is the Senior Property Officer in-charge of the Property Department. He has over 11 years experience in the real estate industry cutting across valuation, property management, investment appraisal, and feasibility studies. He holds a Master's degree in Valuation & Property Management and a B.A. Land Economics, both from The University of Nairobi.

He is a Full Member of the Institution of Surveyors of Kenya (VEMs Chapter) and a Registered and Practicing Valuer. Prior to his appointment at KenGen Pension Scheme, Anthony headed the Property Department at Actuarial Services (E.A) having come from Prestige Management Valuers Ltd as a Senior Valuer and Property Manager.



## Billy Olick

Procurement Officer

He joined KenGen Staff Retirement Benefit Scheme in January 2018 and is the Procurement Officer in-charge of the Procurement Department. He has over 6 years' experience in Public Procurement. Holder of Msc Procurement and Logistics, B.com Finance, CIPS Diploma, Diploma in Business Management and CPA I. He is a Member of Kenya Institute of Supply Management (KISM) and CIPS.

Prior to his appointment at the Scheme, he worked for National Council for Population and Development (NCPD) and Constituency Development Fund (CDF).

The background features a dark, high-contrast image of several gold coins in motion, falling from the top right towards the bottom left. The coins are blurred, suggesting a fast fall. The bottom left corner is a white triangular area containing abstract, overlapping geometric shapes in shades of orange, red, and grey. A prominent red rectangle with a white border is positioned in the lower-left quadrant, containing the word 'FINANCIALS' in white, bold, uppercase letters.

## **FINANCIALS**

# SCHEME GOVERNANCE

## 1. Trustees in Office

In 2021 financial year the following Trustees served in the Board of KenGen Defined Contribution (DC) Scheme 2012:

Name of Trustee	Age	Category (Member-elected/Sponsor-nominated/Professional)	No. of meetings attended	Certified (Yes/No)	Highest qualifications	Membership of Other Boards
Mr. Ernest Nadome	56	Member's Elected	7	Yes	Master's Degree	Kenya Power Pension Fund
Ms. Rebecca Miano	57	Sponsor Nominated	14	Yes	Bachelor's degree	KenGen Plc
Mr. Abraham Serem	58	Sponsor Nominated	16	Yes	Bachelor's degree	N/A
Mr. Peter Mutemi	60	Member's Elected	21	Yes	Bachelor's degree	N/A
Mr. Charles Masio*	44	Member's Elected	13	Yes	Master's Degree	N/A
Mr. Asaria Onsoti*	36	Member's Elected	11	Yes	Bachelor's degree	N/A

\*The two Trustees joined the Board on 23rd April 2021.

## 2. Meetings

The Board of Trustees held four (4) full Board meetings during the year ending 31st December 2021. The meetings were held on the dates set out below:

- 9<sup>th</sup> March 2021
- 27<sup>th</sup> May 2021
- 03<sup>rd</sup> September 2021
- 30<sup>th</sup> November 2021

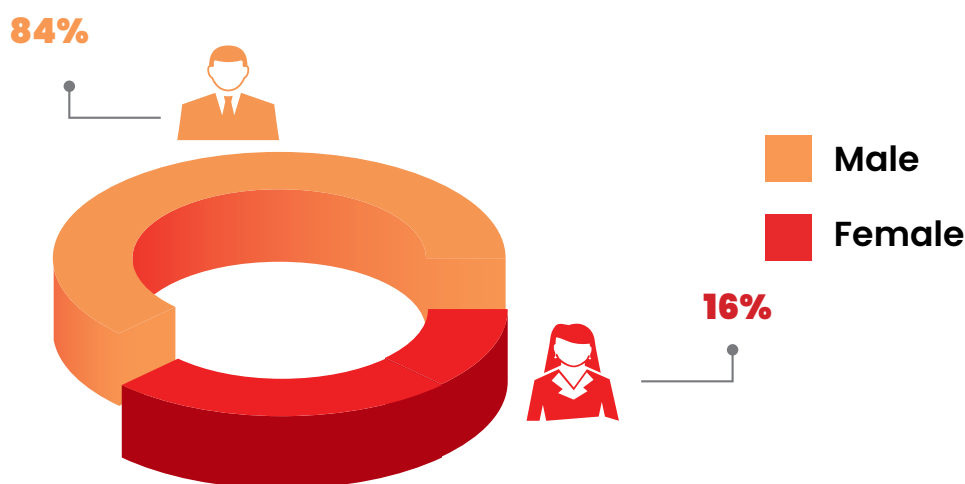


## REPORT OF THE TRUSTEES (Continued)

### SCHEME GOVERNANCE (CONTINUED)

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

a. Gender balance: Female 16% Male 84%



b. Skills Mix: No of Trustees with financial skills 2.

c. Age mix: Number of Trustees who are younger than 35 years (non) and Trustees older than 35yrs (6).

#### 4. Full Board and Committee Meetings

Full Board/ Committee	No. of meetings held	Any external advisors, invitees to meetings	Allowances paid (Shs'000)
Investment & Strategy	8	Professional Consultants	1,160
Administration & Communication	5	Professional Consultants	655
Audit & Risk Management	5	Professional Consultants	690
Full Board	4	Professional Consultants	1,335

#### 5. Fiduciary responsibility statement

The Board of Trustees is the governing body of the KenGen Defined Contribution (DC) Scheme 2012 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 interest of the Scheme's members and the Sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

- Acting honestly and did not improperly use inside information or abuse their position.
- 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
- Performing their duties with the requisite degree of skill.

## REPORT OF THE TRUSTEES (Continued)

### SCHEME GOVERNANCE (CONTINUED)

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

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

The Board charter for the Scheme was developed and adopted.

#### 6. Responsibility 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

The Board of Trustees seeks to achieve the following:

- Building trust with the Members and Sponsor of the Scheme so that they are satisfied with the administration of the Scheme;
- Supporting innovation and developing solutions that meet the Members' and Sponsor's needs; and
- Ensuring that the Scheme's administrative processes remain transparent and accessible to Members and the Sponsor.

The Board of Trustees has also been sending quarterly reports to the Sponsor detailing the activities that have taken place in each quarter.

#### 8. Annual general meeting

The Board of Trustees and Members held the 2021 Annual General Meeting (AGM) Hybrid (Virtual & Physical) on 30<sup>th</sup> July 2021 at Eastern Hydros Matendeni Grounds where 851 Members attended making up 36% of the Scheme Members.



## REPORT OF THE TRUSTEES (Continued)

### SCHEME GOVERNANCE (CONTINUED)

#### 9. Members' sensitization

Channel/Methodology used	Date held in 2021	No. of Members	Remarks
Retirees Visits	17 <sup>th</sup> , 21 <sup>st</sup> , 24 <sup>th</sup> & 27 <sup>th</sup> Sept	4	Across the country
Retirees farewell party	17 <sup>th</sup> Dec	11	Western Hydros
Pre-retirement Trainings	24 <sup>th</sup> June, 1 <sup>st</sup> July, 8 <sup>th</sup> July & 30 <sup>th</sup> Sept	163	KSG Embu & Mombasa

#### 10. Trustees remuneration policy

During the year under review, the Trustees were paid a gross of Kenya shillings Seven Million Four Hundred Sixty Seven Thousand Three Hundred Eleven only (Kshs. 7,467,311) being Trustees meeting sitting allowances.

The payment complied with the Trustee remuneration policy of the Scheme as approved by members at the Annual General Meeting held on the 30<sup>th</sup> July 2021 held at Eastern Hydros Matendeni Grounds.

#### 11. Board of Trustees Evaluation

The Board and individual Trustees undertook Board Evaluation in the year under review. The Board review process was facilitated internally, and the process took the form of electronic questionnaires. A rating of 99.40% was attained having been reviewed on Board mandate, Strategy, Performance Contract, Board functions, Board meetings, Composition of the Board, its structure and flow of information & communication.



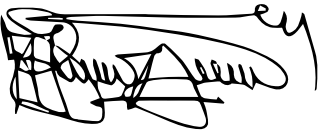
## REPORT OF THE TRUSTEES (Continued)

### SCHEME GOVERNANCE (CONTINUED)

#### AUDITORS

Deloitte & Touche LLP, were appointed as auditors during the year and having indicated their willingness to continue in office as auditors.

SIGNED ON BEHALF OF THE TRUSTEES  
For the Trustees



**Ernest N Nadome**  
Chairman – Board of Trustees

25<sup>th</sup> March 2022



## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the Scheme at the end of the financial year and its financial performance for the year then ended. It also requires the Trustees to ensure that the Scheme keeps proper accounting records that are sufficient to show and explain the transactions of the Scheme and disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and error.

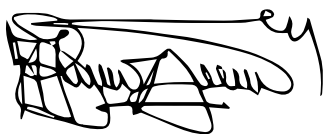
The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Retirement Benefits Act. They also accept responsibility for:

- I. Designing, implementing and maintaining internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- II. Selecting suitable accounting policies and then apply them consistently; and
- III. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Scheme's ability to continue as a going concern, the Trustees are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as a going concern.

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

Approved by the Board of Trustees on 25<sup>th</sup> March 2022 and signed on its behalf by:



**Ernest N Nadome**

Chairman – Board of Trustees



**Josphat Muriuki**

Trust Secretary

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of KenGen Defined Contribution (DC) Scheme 2012 (the "Scheme") set out on pages 39 to 61 which comprise the statement of net assets available for benefits at 31st December 2021 and the statement of changes in net assets available for benefits and 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 transactions of the Scheme during the year ended 31 December 2021 and of the disposition at that date of its assets and liabilities, other than 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 Kenyan Retirement Benefits Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Other information

The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, which we obtained prior to the date of this auditors report. The other information 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 audit of the financial statements, our responsibility is to read the other information identified above 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. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

### Report on the audit of the financial statements (Continued)

#### Responsibilities of the Trustees for 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 Kenyan 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.

#### 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 ISAs 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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

- 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.
- 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.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Fred Aloo, Practicing Number 1537.

**For and on behalf of Deloitte & Touche LLP**



**Certified Public Accountants (Kenya)**

**Nairobi**

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Shs'000	2020 Shs'000
<b>CONTRIBUTIONS AND WITHDRAWALS</b>			
Contributions	4	1,182,109	1,155,924
Benefits payable		(528,855)	(419,622)
<b>Net surplus from dealings with members</b>		<b>653,254</b>	<b>736,302</b>
<b>RETURNS ON INVESTMENTS</b>			
Investment income	5	736,322	629,718
Change in fair value of property investments	6	17,000	6,629
Change in fair value of private equity	8(e)	10,666	274
Change in fair value of other investments		166,140	(60,511)
Less: Investment management expenses	9	(20,602)	(17,054)
<b>Net returns on investments</b>		<b>909,526</b>	<b>559,056</b>
Administrative expenses	10	(70,259)	(50,192)
Income tax expense	14(b)	(61,871)	(42,255)
<b>INCREASE IN NET ASSETS FOR THE YEAR</b>		<b>1,430,650</b>	<b>1,202,911</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT START OF YEAR</b>		<b>7,682,771</b>	<b>6,479,860</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>		<b>9,113,421</b>	<b>7,682,771</b>

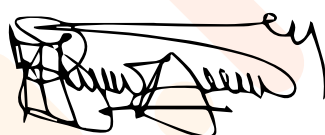


## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2021

	Notes	2021 Shs'000	2020 Shs'000
<b>ASSETS</b>			
Investment property	6	1,288,680	575,001
Intangible asset	7	4,730	6,990
Equity investments	8(a)	2,054,452	1,409,762
Government securities – Treasury bonds	8(b)	5,133,627	5,218,184
Government securities – Treasury bills	8(c)	24,211	-
Corporate bonds	8(d)	38,475	-
Private equity	8(e)	153,877	116,492
Short term deposits	8(f)	698,865	310,185
Offshore investment	8(g)	260,555	-
Contributions receivable	11(a)	-	98,569
Other receivables and accrued income	11(b)	8,812	-
Cash and bank balances	13	108,829	3,600
Current income tax recoverable	14(c)	-	559
<b>Total assets</b>		<b>9,775,113</b>	<b>7,739,342</b>
<b>LESS: LIABILITIES</b>			
Other payables and accrued expenses	12	646,860	56,571
Current income tax payable	14(c)	14,832	-
<b>Total liabilities</b>		<b>661,692</b>	<b>56,571</b>
<b>Net assets available for benefits</b>		<b>9,113,421</b>	<b>7,682,771</b>
<b>REPRESENTED BY</b>			
<b>FUND BALANCE</b>		<b>9,113,421</b>	<b>7,682,771</b>

The financial statements on pages 39 to 61 were approved for issue by the Trustees on 25<sup>th</sup> March 2022 and were signed on their behalf by:



**Ernest N Nadome**

Chairman – Board of Trustees



**Josphat Muriuki**

Trust Secretary

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Shs'000	2020 Shs'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions received	11	1,280,678	1,145,024
Benefits paid		(536,213)	(407,829)
Administrative expenses paid		(72,552)	(41,046)
Movement in other receivable and payable		597,726	(4,441)
Movement in balances due to KenGen Retirement Benefits Scheme		(7,595)	2,967
Income tax paid	14(c)	(46,480)	(54,767)
<b>Net cash from operating activities</b>		<b>1,215,564</b>	<b>639,908</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income received	5	736,322	629,718
Investment management expenses paid	9	(16,591)	(17,230)
Purchase of investment property	6	(696,679)	(416,121)
Purchase of quoted equities	8(a)	(450,816)	(375,328)
Proceeds from sale of equities	8(a)	21,336	16,120
Purchase of treasury bonds	8(b)	(1,019,682)	(1,427,001)
Proceeds from sale of treasury bonds	8(b)	1,034,754	658,939
Purchase of treasury bills	8(c)	(20,669)	-
Proceeds from sale of treasury bills	8(c)	-	14,587
Proceeds from sale of corporate bonds	8(d)	-	69,234
Purchase of corporate bonds	8(d)	(38,475)	-
Purchase of Private equity fund	8(e)	(26,719)	(116,218)
Purchase of offshore investment	8(g)	(244,436)	-
<b>Net cash used in investing activities</b>		<b>(721,655)</b>	<b>(963,300)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>493,909</b>	<b>(323,392)</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
At start of year	13	313,785	637,177
Increase in cash and cash equivalents		493,909	(323,392)
<b>At end of year</b>	<b>13</b>	<b>807,694</b>	<b>313,785</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KenGen Defined Contribution (DC) Scheme 2012 is a Scheme domiciled in Kenya under the Retirement Benefit Act.

For the Retirement Benefit Act reporting purposes, in these financial statements the balance sheet and profit is represented by the statement of net assets available for benefits

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### (a) Statement of Compliance and Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the Retirement Benefits Act, 1997 as amended, and with 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 Trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year.

The financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

##### (b) Adoption of new and revised International Financial Reporting Standards (IFRS) and interpretations (IFRIC)

- i. **Relevant new standards and amendments to published standards effective for the year ended 31 December 2021.**  
Several new and revised standards and interpretations became effective during the year. The Trustee has evaluated the impact of the new standards and interpretations and none of them had a significant impact on the Scheme's financial statements.

- ii. **Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021.**

At the date of authorization of these financial statements, various revised standards and interpretations were in issue but not yet effective. The Trustee anticipates that the adoption of these standards, interpretations and amendments when effective, will have no material impact on the financial statements of the Scheme.

- iii. **Early adoption of standards.**

The Scheme did not early-adopt any new or amended standards in 2021.

##### (c) Foreign currency translation

- i. **Functional and presentation currency translation.**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Scheme operates (the "functional currency"). The financial statements are presented in Kenya Shillings (Shs) rounded to the nearest thousand which is the Scheme's functional currency.

- ii. **Transactions and balances**

Transactions in foreign currencies during the year are converted into small Currency at rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (d) Contribution's receivable

Current service and other contributions are accounted for in the period in which they fall due.

##### (e) Benefits payable

Pensions and other benefits payable are taken into account in the period in which they fall due.

##### (f) Investment properties

Properties such as land and buildings and parts of buildings that are held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Scheme and the cost can be reliably measured. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the balance sheet date.

Gains and losses arising from the changes in the fair value of investment properties are included in the statement of changes in net assets available for benefit in the year in which they arise. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be reliably measured.

All other repairs and maintenance costs are charged to the statement of changes in net assets available for benefits during the year in which they are included. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of changes in net assets available for benefits.

##### g) Income from investments

- i. Interest income is recognised on a time-proportion basis for all interest-bearing instruments using the effective yield method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.
- ii. Dividends are recognised as income in the period in which the right to receive payment is established.
- iii. Rental income is recognised in the period in which it is earned.

##### (h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

##### (i) Financial assets at fair value through profit or loss

All purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date, which is the date the Scheme commits to purchase or sell the asset.

Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Scheme has transferred substantially all risks and rewards of ownership.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (i) Financial assets at fair value through profit or loss (Continued)

All changes in the fair value arising on investments are recognised in the statement of changes in net assets available for benefits. The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the Trustees establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

Fixed deposits and other receivables are carried at amortised cost.

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In particular, critical estimates are made by the Trustees in determining the fair values of investments that are not traded in an active market and investment properties.

##### i. Fair value estimation of financial assets at fair value through profit or loss

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments using models. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

##### ii. Fair value of investment properties

Management estimates the fair value of investment properties by determining the price of similar properties on sale.

##### iii. Amortisation and impairment of intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years. Included in the figure computers & software is an amount relating to investment in Software/Intangible Asset. Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Market risk

##### (i) Foreign exchange risk

The Scheme is exposed to foreign exchange risk arising from offshore investments in US dollar. Offshore investments comprise 2.7% of total investments of the Scheme. The exposure to foreign exchange risk is therefore not significant.

##### (ii) Cash flow and fair value interest rate risk

The Scheme's interest-bearing assets include corporate bonds and bank deposits which are at fixed interest rates and hence not subject to interest rate risk. The Scheme has no interest-bearing liabilities. Holding all other factors constant, the impact of a 10% change in the effective interest rate of investments in treasury bonds would have increased/decreased the net assets available for benefits by Kshs. 513,362,740 (2020: Kshs. 521,818,500).

##### (iii) Other price risk

The Scheme is exposed to equity price risk in respect of its investments in quoted and unquoted shares, both local and foreign. The exposure to price risk is managed primarily by setting limits on the percentage of net assets available for benefits that may be invested in equity, and by ensuring sufficient diversity of the investment portfolio.

At 31 December 2021, if the prices of all equity investments had increased/decreased by 10% with all other variables held constant, the increase in net assets available for benefits for the year would have been Kshs. 205.5 million (2020: Kshs. 141.09 million) higher/lower.

##### Credit risk

Credit risk arises from investments other than equity investments, contributions receivable, other receivables and cash and cash equivalents. The Scheme does not have any significant concentrations of credit risk. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Trustees.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The amount that best represents the Scheme's maximum exposure to credit risk as at 31<sup>st</sup> December 2021 is made up as follows:

	Notes	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
<b>31 December 2021</b>						
Kenya Government Securities	8(b) & 8(c)	N/A	N/A	5,133,627	-	5,133,627
Investment in private equities	8(e)	N/A	N/A	153,876	-	153,876
Fixed and term deposits (Kenya)	8(f)	N/A	12-month ECL	698,865	-	698,865
Other receivables	11	Performing	Lifetime ECL	1,023	-	1,023
Cash at bank	13	N/A	12-month ECL	108,829	-	108,829
				<b>6,096,220</b>		<b>6,096,220</b>

#### 31 December 2020

Kenya Government Securities						
Commercial paper and corporate bonds	8(b) & 8(c)	N/A	N/A	5,218,184	-	5,218,184
Fixed and term deposits (Kenya)	8(d)	N/A	N/A	116,492	-	116,492
Other receivables	8(f)	N/A	12-month ECL	310,185	-	310,185
Cash at bank	11	Performing	Lifetime ECL	97,669	-	97,669
	13	N/A	12-month ECL	3,600	-	3,600
				<b>5,746,130</b>	-	<b>5,746,130</b>

No collateral is held for any of the above assets and none of the above assets are either past due or impaired.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the investment manager on the amount to be invested in assets that can be easily liquidated.

All financial liabilities at 31 December 2021 were payable within 90 days.

##### Fair value estimation

The following table presents the Scheme's financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

	2021 Shs'000	2020 Shs'000
<b>31 December 2021</b>		
At fair value through profit or loss		
Quoted equities	2,054,452	2,054,452
Kenya Government securities	5,133,627	5,133,627
	<b>7,188,079</b>	<b>7,188,079</b>
<b>31 December 2020</b>		
At fair value through profit or loss		
Quoted equities	1,409,762	1,409,762
Kenya Government securities	5,218,184	5,218,184
	<b>6,627,946</b>	<b>6,627,946</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### Fair value estimation (Continued)

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Scheme is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NSE equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no level 3 assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 4. CONTRIBUTIONS RECEIVABLE

	2021	2020
	Shs'000	Shs'000
From employer	784,859	774,469
From members	397,250	381,455
	<b>1,182,109</b>	<b>1,155,924</b>

#### 5. INVESTMENT INCOME

	2021	2020
	Shs'000	Shs'000
Rental Income	3,600	2,100
Dividend income		
- quoted shares	60,251	47,282
Interest and discounts receivable		
- Kenya Government securities	624,099	541,885
- Commercial papers and corporate bonds	-	2,464
Treasury Bills	3,542	-
Fixed and term deposits	22,254	19,890
Other income	702	4,363
Loss on disposal of corporate bonds	-	(1,180)
Loss on disposal of shares (note 8(a))	(1,606)	(2,222)
(Loss)/Gain on disposal of bonds	(3,498)	4,518
Gain on disposal of treasury bills	-	413
Income from Private equity	23,943	10,205
Income from Offshore	3,035	-
	<b>736,322</b>	<b>629,718</b>

#### 6. INVESTMENT PROPERTY

	2021	2020
	Shs'000	Shs'000
<b>Investment property at fair value</b>		
At start of year	575,001	152,251
Additions	696,679	416,121
Fair value gain	17,000	6,629
<b>At end of year</b>	<b>1,288,680</b>	<b>575,001</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 4. INVESTMENT PROPERTY (Continued)

The Scheme's investment properties were revalued at 31 December 2021 by Adept Realtors Limited independent professionally qualified valuers. Valuations were based on current prices in an active market.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000

##### At 31 December 2021

Investment property	-	1,288,680	-	1,288,680
---------------------	---	-----------	---	-----------

##### At 31 December 2020

Investment property	-	575,001	-	575,001
---------------------	---	---------	---	---------

#### Valuation techniques used to derive level 2 fair values

Level 2 fair values of land and retail units have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7. INTANGIBLE ASSETS – (SOFTWARE)

	2021	2020
	Shs'000	Shs'000
Cost		
At 1 January 2021	6,990	6,990
Transfers from WIP	(6,990)	(6,990)
<b>Additions</b>	<b>6,990</b>	<b>6,990</b>
<b>At 31 December 2021</b>	<b>6,990</b>	<b>6,990</b>
Amortisation		
At 1 January 2021	-	-
Charge for the year	(2,260)	(2,260)
<b>At 31 December 2021</b>	<b>4,730</b>	<b>4,730</b>
Net book value		
<b>At 31 December 2021</b>	<b>4,730</b>	<b>4,730</b>
<b>At 31 December 2020</b>	<b>6,990</b>	<b>6,990</b>
At 1 January 2021	6,990	6,990
Transfers from WIP	6,990	-
<b>Additions</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2021</b>	<b>6,990</b>	<b>6,990</b>
Amortisation		
At 1 January 2021	-	-
Charge for the year	(2,260)	(2,260)
<b>At 31 December 2021</b>	<b>4,730</b>	<b>4,730</b>
Net book value		
<b>At 31 December 2021</b>	<b>4,730</b>	<b>4,730</b>
<b>At 31 December 2020</b>	<b>6,990</b>	<b>6,990</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### a) Equity Investments

Old Mutual	Additions		Disposal	Bonus/ Share split	Number of shares	Description	Market value at 31-Dec-20		Additions - Cost	Disposal		Gain/ (Loss)	Market gain/ (loss)	Market value at 31-Dec-21
	Number of shares									Cost	on Dis- posal			Shs'000
31-Dec-20					31-Dec-21				Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
31,400	-	-	-	-	31,400	ARM Cement Plc	-	-	-	-	-	-	-	-
98,900	-	-	-	-	98,900	Bamburi Cement Plc	3,744	-	-	-	-	14	3,758	3,758
2,339,800	-	-	-	-	2,339,800	ABSA Bank of Kenya Plc	22,602	-	-	-	-	5,124	27,727	27,727
20,600	29,900	-	-	-	50,500	British American Tobacco Kenya Plc	7,437	13,843	-	-	-	1,016	22,296	22,296
3,281,020	250,200	-	-	-	3,531,220	The Co-operative Bank of Kenya Ltd	41,013	3,205	-	-	-	1,512	45,730	45,730
100,540	88,600	-	-	-	189,140	Diamond Trust Bank Kenya Ltd	7,540	5,658	-	-	-	(1,944)	11,254	11,254
270,300	125,300	-	-	-	395,600	East African Breweries Ltd	41,694	22,298	-	-	-	1,282	65,274	65,274
3,039,800	169,000	-	-	-	3,208,800	Equity Group Holdings Plc	111,104	8,820	-	-	-	49,340	169,264	169,264
7,400	-	-	-	-	7,400	Centum Investment Co Plc	118	-	-	-	-	(14)	104	104
3,110,500	502,900	-	-	-	3,613,400	KCB Group Plc	118,510	23,155	-	-	-	22,564	164,229	164,229
35,609	-	-	-	-	35,609	Jubilee Holdings Ltd	10,113	-	-	-	-	1,166	11,279	11,279
515,242	364,100	-	-	-	879,342	NCBA Bank Kenya Plc	13,783	9,402	-	-	-	(1,025)	22,159	22,159
10,571,700	3,376,000	-	-	-	13,947,700	Safaricom Plc	362,082	137,745	-	-	-	29,490	529,317	529,317
104,500	-	-	-	-	104,500	Umeme C. Ltd Kshs.	760	-	-	-	-	(56)	704	704
231,600	-	-	-	-	231,600	Kenya Power & Lighting Co Ltd	396	-	-	-	-	9	405	405
101,110	69,600	-	-	-	170,710	Standard Chartered Bank Kenya Ltd	14,586	9,714	-	-	-	(2,406)	21,894	21,894
70,900	-	-	-	-	70,900	Stanbic bank	6,026	-	-	-	-	160	6,186	6,186
-	2,419,800	-	-	-	2,419,800	KenGen Co Plc Ord	-	12,105	-	-	-	(1,966)	10,139	10,139
<b>23,930,921</b>	<b>7,395,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,326,321</b>	<b>Sub Total</b>	<b>761,508</b>	<b>245,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,266</b>	<b>1,111,718</b>	<b>1,111,718</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### a) Equity Investments

ICEA Lion Asset Managers Ltd				Number of shares	Description	Market value at 31-Dec-20		Additions - Cost	Disposal	Gain/ (Loss) on Disposal	Market gain/ (loss)	Market value at 31-Dec-21
Number of shares		Additions	Disposal									
31-Dec-20				31-Dec-21				Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
213,600	-	-	-	213,600	ARM Cement Plc	-	-	-	-	-	-	-
35,710	-	(2,500)	-	33,210	British American Tobacco Kenya Plc	12,892	(1,016)	-	(195)	2,787	14,662	14,662
41,120	-	(40,320)	-	800	HF Group Plc	137	(155)	-	-	22	3	3
3,807,480	142,900	-	-	3,950,380	The Co-operative Bank of Kenya Ltd	47,593	-	1,952	-	-	1,613	51,157
85,652	-	(5,000)	-	80,652	Diamond Trust Bank Kenya Ltd	6,424	(346)	-	(24)	(1,279)	4,799	4,799
2,905,700	615,000	(200,000)	-	3,320,700	Equity Group Holdings Plc	106,203	(9,940)	23,182	(169)	55,722	175,167	175,167
453,100	-	-	-	453,100	East African Breweries Ltd	69,891	-	-	-	4,871	74,762	74,762
2,740,356	650,000	-	-	3,390,356	KCB Group Plc	104,407	-	23,555	-	26,129	154,092	154,092
674,278	-	-	-	674,278	NCBA Group Plc	18,037	-	-	-	(1,045)	16,992	16,992
308,000	-	(112,200)	-	195,800	KenGen Co. Plc	1,451	(581)	-	26	(49)	820	820
443,000	-	-	-	443,000	Umeme Ltd Ord UGS	2,907	-	-	-	(233)	2,674	2,674
335,482	-	-	-	335,482	Umeme Ltd Ord Kshs.	2,444	-	-	-	(181)	2,261	2,261
6,824,819	3,534,400	-	-	10,359,219	Safaricom Plc	233,750	-	138,056	-	21,327	393,132	393,132
84,800	27,600	-	-	112,400	Standard chartered bank Ltd	12,232	-	3,771	-	(1,588)	14,415	14,415
351,600	-	(60,000)	-	291,600	Stanbic Bank Ltd	29,886	(5,553)	-	96	1,109	25,442	25,442
-	2,283,750	(300,000)	-	1,983,750	MTN Uganda	-	(3,745)	14,355	1,872	1,745	12,356	12,356
<b>19,304,697</b>	<b>7,253,650</b>	<b>(720,020)</b>	<b>-</b>	<b>25,838,327</b>	<b>Sub Total</b>	<b>648,254</b>	<b>(21,336)</b>	<b>204,871</b>	<b>1,606</b>	<b>110,950</b>	<b>942,734</b>	<b>942,734</b>

<b>43,235,618</b>	<b>14,649,050</b>	<b>(720,020)</b>	<b>-</b>	<b>57,164,648</b>	<b>Sub Total</b>	<b>1,409,762</b>	<b>(21,336)</b>	<b>450,816</b>	<b>1,606</b>	<b>215,216</b>	<b>2,054,452</b>	<b>2,054,452</b>
-------------------	-------------------	------------------	----------	-------------------	------------------	------------------	-----------------	----------------	--------------	----------------	------------------	------------------

##### Notes:

Market values for quoted equity investments are determined by reference to Nairobi Securities Exchange and Uganda Securities Exchange prices prevailing at the end of each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### b) Treasury Bonds at Fair Value through Profit or Loss

	2021 Shs'000	2020 Shs'000
At the beginning of the year	5,218,184	4,384,074
Additions at face value	1,019,682	1,427,001
Disposal	(1,034,754)	(658,939)
Gain/(loss) on disposal of bonds	(3,498)	4,518
Change in fair value	(65,987)	61,530
<b>At the end of the year</b>	<b>5,133,627</b>	<b>5,218,184</b>
Maturing as follows		
Between 1-3 years	-	824,352
After 3 years	5,133,627	4,393,832
	<b>5,133,627</b>	<b>5,218,184</b>

The weighted average interest rate as at 31 December 2021 was 10.41 % (2020: 12.28 %).

##### c) Treasury Bills at Fair Value through Profit or Loss

	2021 Shs'000	2020 Shs'000
At the beginning of the year	-	14,587
Additions at face value	20,669	-
Disposals at face value	-	(14,587)
Change in fair value	3,542	-
<b>At the end of the year</b>	<b>24,211</b>	<b>-</b>
Maturing as follows:		
<b>Within 1 year</b>	<b>24,211</b>	<b>-</b>

The weighted average interest rate as at 31 December 2021 was 8.827 % (2020: nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### d) Corporate Bonds at Fair Value through Profit or Loss

	Maturity Date	Interest Rate	2021 Shs'000	2020 Shs'000
EABL medium term note	29-10-2026	12.25%	38,475	-
			<b>38,475</b>	<b>-</b>

Movements in corporate bonds is analysed as follows:

	2021 Shs'000	2020 Shs'000
At the beginning of the year	-	70,414
Additions	38,475	-
Disposals	-	(69,234)
Loss on disposal	-	(1,180)
Fair value loss	-	-
<b>At the end of the reporting period</b>	<b>38,475</b>	<b>-</b>

Maturing as follows

After 3 years	38,475	-
	<b>38,475</b>	<b>-</b>

The weighted average interest rate as at 31 December 2021 was 12.25 % (2020: - %).

##### e) Private Equity at Fair Value through Profit or Loss

	2021 Shs'000	2020 Shs'000
At start of year	116,492	-
Additions	26,719	116,218
Fair value gain	10,666	274
<b>At end of year</b>	<b>153,877</b>	<b>116,492</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### f) Short Term Deposits

			2021	2020
	Rate	Maturity	Shs'000	Shs'000
Equity Bank Kenya Limited	7.5%	31-12-2020	-	1,900
KCB Bank Kenya Limited	7.0%	31-12-2020	-	39,208
I&M Bank Limited	9.5%	03-05-2021	-	21,244
Co-operative Bank of Kenya Ltd	9.1%	28-06-2021	-	31,414
NCBA Bank Kenya Plc	10.0%	19-07-2021	-	10,460
NCBA Bank Kenya Plc	9.5%	27-09-2021	-	15,359
KCB Bank Kenya Limited	7.3%	11-01-2021	-	15,065
Co-operative Bank	7.5%	11-01-2021	-	5,007
Co-operative Bank	7.5%	18-01-2021	-	5,007
Equity bank Kenya Limited	7.5%	18-01-2021	-	500
Equity Bank of Kenya	6.5%	31-05-2021	-	6,038
KCB Bank Kenya Limited	6.5%	31-05-2021	-	3,219
Co-operative Bank of Kenya Ltd	6.0%	31-05-2021	-	28,230
Equity Bank Kenya Limited	7.0%	30-11-2021	-	83,866
Equity Bank Kenya Limited	6.7%	31-05-2021	-	43,668
Co-operative Bank	8.5%	03-01-2022	209,598	-
NCBA Bank Kenya Plc	8.5%	10-01-2022	115,227	-
NCBA Bank Kenya Plc	8.5%	03-01-2022	11,023	-
NCBA Bank Kenya Plc	8.5%	03-01-2022	67,537	-
NCBA Bank Kenya Plc	9.0%	13-10-2022	15,289	-
Equity Bank Kenya Limited	8.0%	31-05-2022	2,513	-
KCB Bank Kenya Limited	8.3%	31-05-2022	2,208	-
NCBA Bank Kenya Plc	8.5%	31-05-2022	25,087	-
NCBA Bank Kenya Plc	8.5%	31-05-2022	25,087	-
Diamond Trust Bank Plc	8.3%	31-12-2022	37,067	-
NCBA Bank Kenya Plc	8.5%	31-12-2022	106,874	-
NCBA Bank Kenya Plc	8.5%	31-12-2022	39,018	-
NCBA Bank Kenya Plc	8.5%	31-12-2022	9,923	-
NCBA Bank Kenya Plc	8.5%	31-12-2022	30,014	-
NCBA Bank Kenya Plc	8.5%	31-12-2022	2,400	-
			<b>698,865</b>	<b>310,185</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. INVESTMENTS (Continued)

##### f) Short Term Deposits (Continues)

The weighted average interest rate as at 31 December 2021 was 8.47 % (2020: 7.70 %).

	2021 Shs'000	2020 Shs'000
Maturing as follows:		
Within 1 Month	403,384	66,687
Between 1 – 3 Months	295,481	243,498
Included in the cash and Cash Equivalents in (note 13)	698,865	310,185

The Scheme does not hold any single investment exceeding 5% of the respective class or type except for investment in quoted shares in the following companies:

	2021 %	2020 %
KCB Group Plc		
East African Breweries Plc	15	16
Equity Group Holdings Plc	6	8
Safaricom Plc	15	15
	<b>48</b>	<b>42</b>

##### g) Offshore investments

	2021 Shs'000	2020 Shs'000
At start of year	-	-
Additions	244,436	-
Fair value gain	16,120	-
<b>At end of year</b>	<b>260,556</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. INVESTMENT MANAGEMENT EXPENSES

	2021	2020
	Shs'000	Shs'000
Investment managers	15,565	12,273
Custodian	4,844	4,219
Property expenses	193	562
	20,602	17,054

#### 10. ADMINISTRATIVE EXPENSES

	2021	2020
	Shs'000	Shs'000
Administrator's fees	3,117	3,040
Audit fees	2,000	2,000
RBA levy	5,000	5,000
Trustees' expenses	7,467	5,022
Capacity building expenses	9,224	6,028
Consultancy	4,632	4,470
Salary and wages	24,867	16,364
Member education	719	-
Other expenses	13,233	8,268
	70,259	50,192

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11. OTHER RECEIVABLES AND ACCRUED INCOME

	2021	2020
	Shs'000	Shs'000
(a) Contribution receivable	-	98,569
	-	98,569

##### Movement in Contribution Receivable

As at 1 January	98,569	87,669
Contribution for the year (note 4)	1,182,109	1,155,924
Contribution received	(1,280,678)	(1,145,024)

<b>As at 31 December</b>	<b>-</b>	<b>98,569</b>
--------------------------	----------	---------------

	2021	2020
	Shs'000	Shs'000
(b) Dividends and other receivable		
Transfers in	542	-
Dividends	7,788	-
Other Receivables	481	-
	8,811	-

#### 12. OTHER PAYABLES AND ACCRUED EXPENSES

	2021	2020
	Shs'000	Shs'000
RBA levy	5,000	5,000
Audit fees	2,000	2,000
Custodial fees	2,842	2,244
Other service providers fees	2,309	9,677
Fund management fees	5,093	5,228
Due to KenGen Staff Retirement Benefits Scheme	9,259	16,853
Withholding tax and withholding VAT payable	14,722	1,976
Withdrawals Payable	4,435	11,793
Rent Deposit	900	900
Prepaid rent	-	900
Purchase of Redhill Land	600,300	-
	646,860	56,571

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2021	2020
	Shs'000	Shs'000
Cash at bank	108,829	3,600
Fixed and term deposits (note 8(f))	698,865	310,185
	<b>807,694</b>	<b>313,785</b>

#### 14. INCOME TAX

##### a) Tax status of the Scheme

KenGen Defined Contribution (DC) Scheme 2012 has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income to the extent allowable.

Investment income earned from investing the accumulated funds arising from the employer and employee's contributions that are in excess of the statutory limit are subject to tax using the statutory income tax rate.

##### b) Income tax expense

	2021	2020
	Shs'000	Shs'000
Net investment income on unregistered portion of Scheme	206,236	169,019
<b>Income subject to tax</b>	<b>206,236</b>	<b>169,019</b>
<b>Current income tax at 30% (2020: 25%)</b>	<b>61,871</b>	<b>42,255</b>

##### c) Current Income Tax recoverable/(payable)

	2021	2020
	Shs'000	Shs'000
At start of the year	559	(11,953)
Income tax expense (Note 14(b))	(61,871)	(42,255)
Tax Payments during the year	46,480	54,767
<b>At end of year</b>	<b>(14,832)</b>	<b>559</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15. CONTINGENT LIABILITIES

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme at 31 December 2021 or 31 December 2020.

#### 16. RELATED PARTY TRANSACTIONS

Related parties comprise the Trustees, the sponsoring company and companies which are related to these parties through common shareholding or common directorships.

In addition to amount due to KenGen Staff Retirement Scheme (Note 12) and contributions receivable (Note 11) the following transactions were carried out with related parties during the year:

	2021	2020
	Shs'000	Shs'000

Included in net assets at the year-end are:

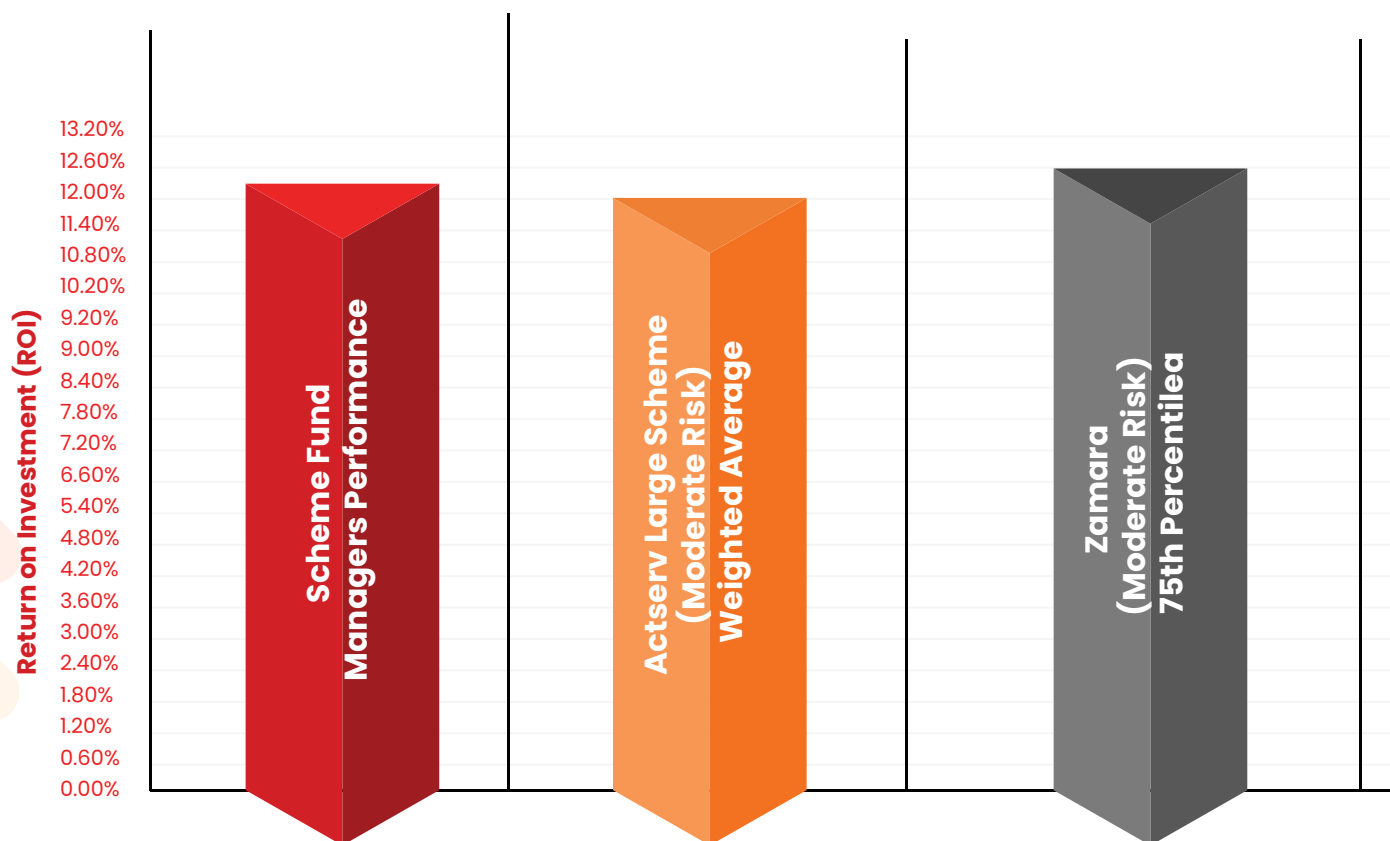
<b>Quoted shares held in the sponsor company</b>	<b>820</b>	<b>1,451</b>
--	------------	--------------

Transactions with related party:

<b>Contributions received from KenGen Plc Sponsor company (note 11)</b>	<b>1,280,678</b>	<b>1,145,024</b>
---	------------------	------------------

## INDUSTRY STATISTICS

### Performance Statistics



12.27%

**Scheme Fund Managers  
Performance**

12.30%

**Actsर्व Large Scheme  
(Moderate Risk) Weighted  
Average**

13.00%

**Zamara (Moderate Risk) 75th  
Percentile**

## AWARDS

### APTAK Awards



The Scheme participated in the 2022 Kenya Pensions Awards hosted by the Association of Pension Trustees and Administrators Kenya (APTAK), which was held at Pride Inn Hotel Mombasa on 25th February 2022. The Scheme managed to clutch the Best Investment Strategy Award.

## BOARD RETREAT



## AGM 2021



## MEMBERS ENGAGEMENT



## NOTES

This image shows a blank sheet of white paper with horizontal red lines. The lines are evenly spaced and run across the width of the page. In the bottom right corner, there are several decorative elements: two long, thin, slanted orange rectangles, one short orange rectangle, and three small yellow circles. These shapes are arranged in a way that suggests they might be part of a larger design or pattern.



# **KenGen** **DC Scheme**

KenGen Defined Contribution (DC) Scheme  
KenGen Pension Plaza 2, 11th Floor  
Kolobot Road, Parklands  
P. O. BOX 47936, 00100, Nairobi-Kenya.  
Tel: (+254) 0711 036962/713 / 0732116962/713  
Email: [info@kengensrbs.co.ke](mailto:info@kengensrbs.co.ke)