

2023



KenGen
DC Scheme

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

BUILDING RESILIENCE: NAVIGATING TOWARDS A BRIGHTER FUTURE

www.kengensrbs.co.ke

AWARDS & ACCOLADES

FOR THE YEAR ENDED 31st DECEMBER 2022



APTAK Awards Best Investment Strategy Award 2022

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 under the DC Scheme.



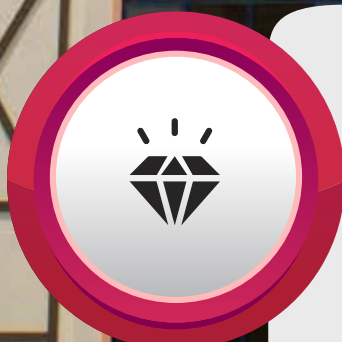
MISSION

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 Scheme (DC Scheme) will be held at Pride Inn Paradise Resort – Mombasa on 28th July, 2023.

The meeting will commence at 11.00am.

THE AGENDA OF THE MEETING WILL BE:

- ✓ To read the Notice Convening the Meeting.
- ✓ To Receive Chairman's Report.
- ✓ To receive the Fund Managers' Reports.
- ✓ To receive the Custodial Report.
- ✓ To receive the Scheme's audited financial statements for the period ended 31st December 2022 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 Kipevu Power Station will attend physically and all other members will join virtually via Zoom webinar.

By Order of the Board

Josphat Muriuki
CEO & Trust Secretary
14th June 2023

For any queries you may:

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

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OUR BUSINESS



ABOUT THE SCHEME

The Defined Contributions (DC) Scheme is an occupational Scheme of KenGen staff and has 2,498 members with a Fund Value of Kshs. 9.9B as at 31st December 2022. The Scheme was established with effect from 1st 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.



2,498
Members



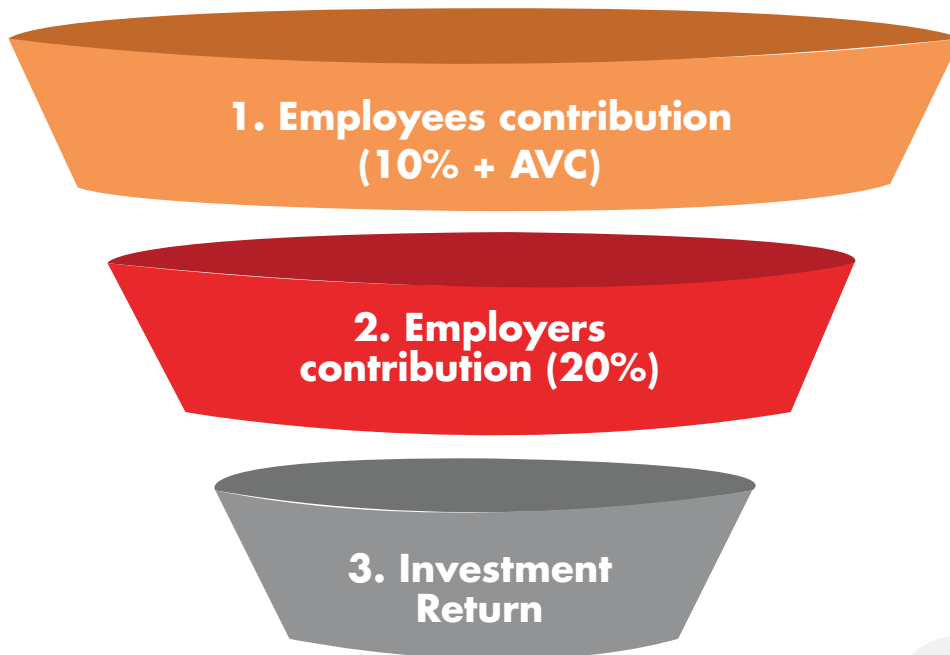
Kshs. 9.9B
Fund Value



Strategic Plan
2019-2028

ABOUT THE SCHEME (Continued)

Growing Your Savings Account



Access of Savings Account

1. Leaving Service

Members who leave the Scheme before their 50th Birthday access 50% of their accrued benefits less applicable tax. The other 50% is reserved through deferment or transfer into another Scheme until age 50 and above.

2. Emigration

If a member leaves the Scheme and relocated from Kenya with no intention of returning, the member is paid 100% of the benefits upon submission of the required documents.

3. Death

Death in service – Accumulated contributions with interest paid as a lumpsum
Death in deferment - Value of preserved benefits at the time of death
in Retirement – The benefits payable will be the balance in the income drawdown account or where a member purchased an annuity from an insurance Company the benefits chosen at the time of retirement.

4. Retirement

Payable from the age of 50 years or earlier on ill-health grounds. The member will be paid a lumpsum equivalent to one third of the total accrued benefits. For the remaining two thirds the member has an option of joining the Fund's Income Drawdown to receive a monthly/quarterly/annual benefits or to purchase an annuity plan from an insurance company.

OUR PRODUCTS



1. NSSF Contracting out Certificate.



The Scheme received the Contracting out certificate by RBA on the 26th of May 2023. Therefore, the Scheme manages members NSSF Tier II contributions as per the NSSF Act of 2013.



2. Widows and Orphans account

In the unfortunate death of a member, the family is usually left with a big responsibility of taking care of the deceased's children. The most critical need is to continue with their education. To ensure that the children continue with their education uninterrupted, the Fund has established a widows and Orphans Account derived from the member's accrued benefits and the group life insurance benefits. The Widows and Orphans account caters for school fees, shopping, upkeep and related expenses.



3. Additional Voluntary Contributions

Additional Voluntary Contributions popularly known as AVC are the contributions a member may decide to make up above the basic contributions he/she is required to make under the Rules of the Scheme and it is anchored under Rule 6 (b) of the Scheme's Trust Deed and Rules. AVCs are aimed at supplementing your retirement benefits within your Pension Scheme. They allow you to pay more to build up extra savings for retirement. The returns you earn on your investment are reinvested over and over, for years.



4. Internal Income Draw Down Fund

The Board of Trustees of the DC Scheme established the Internal Income Draw Down Fund in June 2022. The fund is approved by the Retirement Benefits Authority. It operates as per the fund rules set in place. The Fund was established to meet the needs of the members and for a smooth transition while leaving the DC through retirement. The IDD Fund allows a member to draw Income through regular installments while the balance of the Fund remains invested in the Fund.

ICT INFRASTRUCTURE AND SERVICE AUTOMATION

The Scheme has recently acquired Microsoft Dynamics Business Central ERP, a comprehensive solution designed to automate and optimize business processes. The key modules operationalized to enhance the Scheme's services and activities are:



The implementation of various modules within the Microsoft Dynamics Business Central ERP demonstrates the Scheme's commitment to automating and optimizing its internal operations. By leveraging these modules, the Scheme enhances services and activities across pensions administration, financial management, investments management, property management, human resources and administration, procurement management, and system administration. The implementation of these

E-Board Management System

The implementation of the E-Board Management System has revolutionized the company's board governance practices. By digitizing and streamlining board processes, the system enhances efficiency, transparency, and collaboration among board members. From meeting management and secure document storage to electronic voting and resolution tracking, the system provides a comprehensive solution for effective board governance.

Member Self-Service Portal

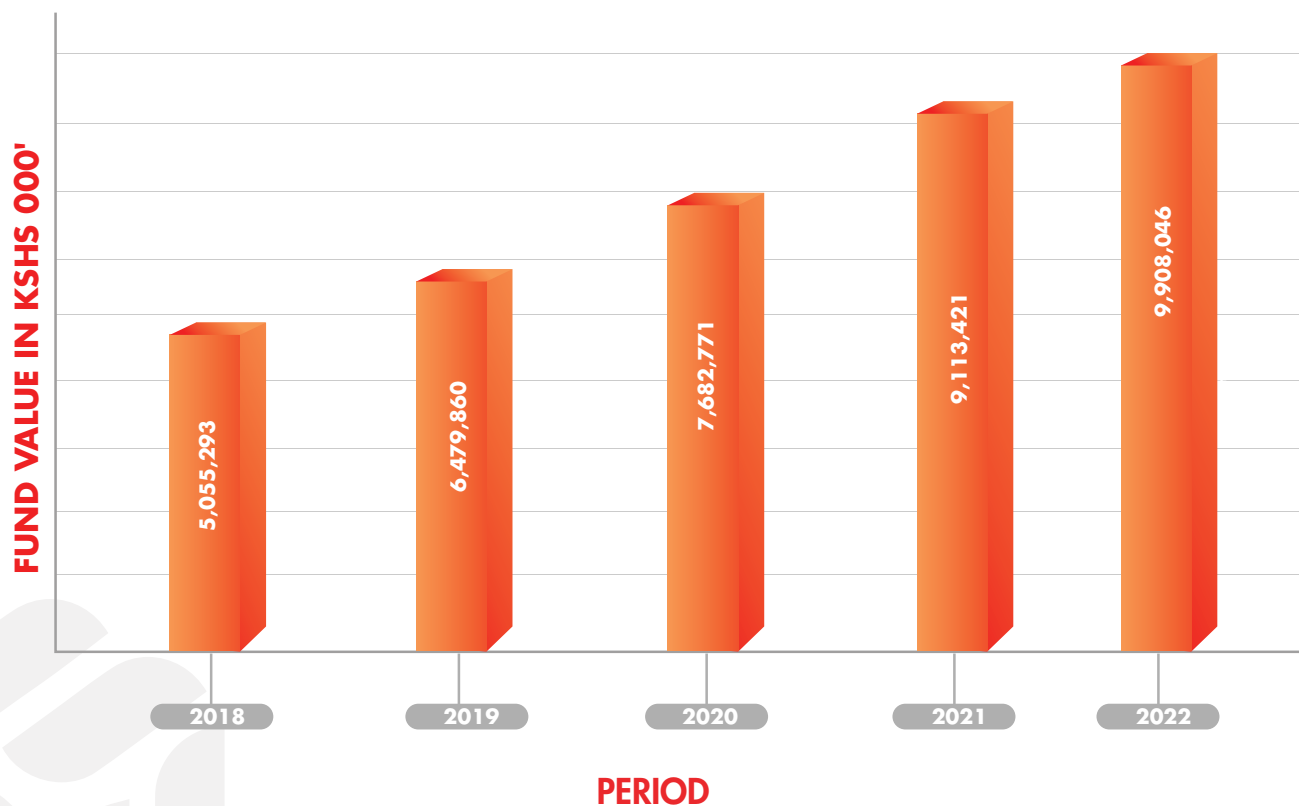
The implementation of the Member Self-Service System demonstrates the company's commitment to enhancing member engagement and satisfaction. By providing members with personalized accounts, convenient information access, and streamlined service requests, the system empowers members to take control of their membership and access services at their convenience.

Power Bi Reporting System

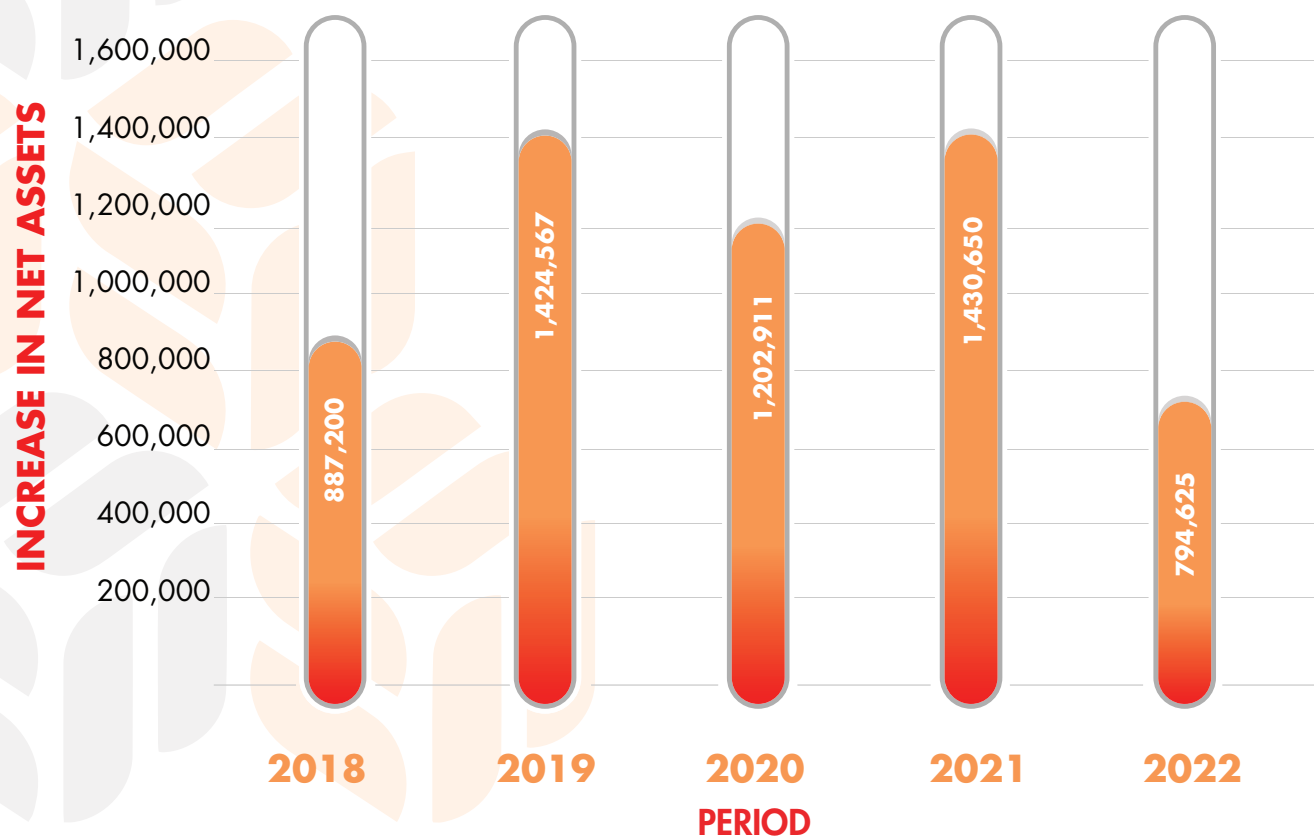
The implementation of the Power BI Reporting System has revolutionized data analytics and decision-making within the company. By integrating data from multiple sources, visualizing it in interactive dashboards, and providing real-time analytics, the system has enabled data-driven insights and empowered decision-makers at all levels.

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 Retired on 18th Oct,2022
 Winnie Pertet Appointed on 18th Oct 2022
 Abraham Serem
 Austin Ouko Appointed on 18th Oct 2022
 Charles Masio
 Asaria Onsoti
 Peter Mutemi Retired on 24th Dec,2022
 Josphat Muriuki Trust Secretary



ADMINISTRATOR

Josphat Muriuki
 KenGen Pension Plaza 2, 11th Floor.
 Kolobot Road, Parklands
 P.O Box 47936 – 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



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



BANKERS

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



REGISTERED OFFICE

KenGen Pension Plaza 2, 11th 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 (the "Scheme") for the year ended 31st December 2022, which disclose the state of affairs of the scheme. RBA Certificate number 01359.

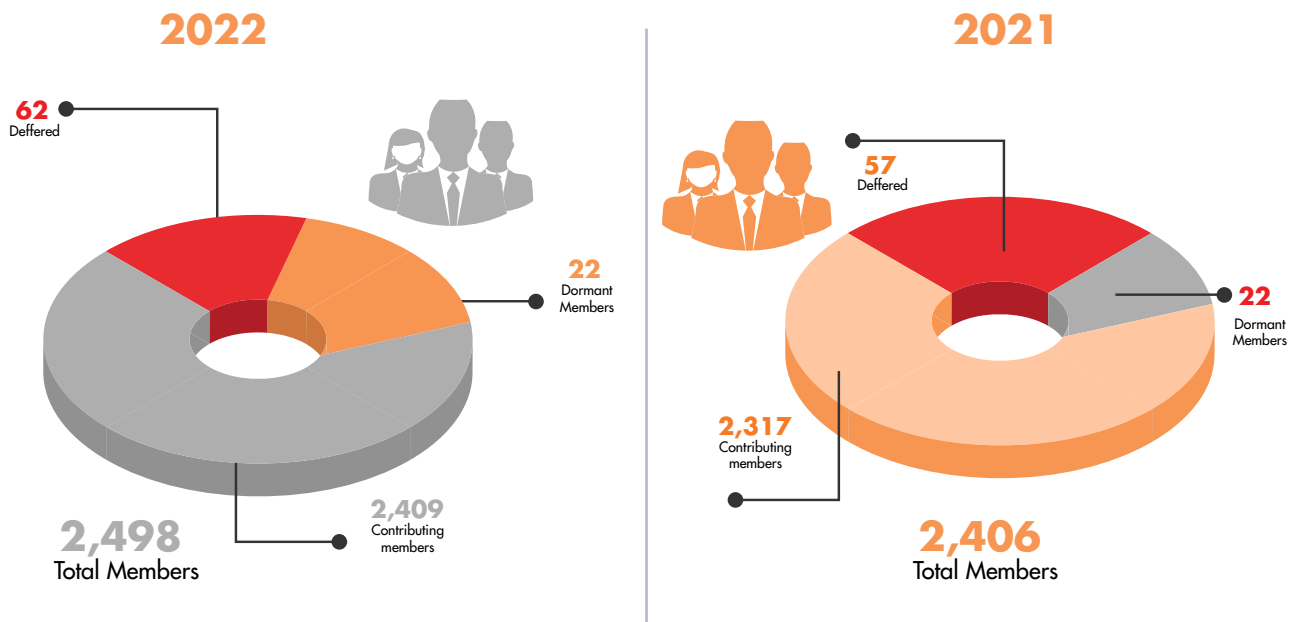
Establishment, nature and status of the Scheme

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

	2022	2021
Contributing members		
At start of year	2,317	2,272
Joiners	176	134
Reinstatement	5	-
	2,498	2,406
Less:		
Retired with pension	(71)	(66)
Death in service	(5)	(14)
Other secessionists	(13)	(9)
At end of year	2,409	2,317
Dormant members		
At start of year	22	21
Joiners	12	1
Reinstatement	(5)	22
	29	26
Less:		-
Retired with pension	(2)	(2)
Other secessionists	(5)	(2)
At end of year	22	22
Deferred members		
At start of year	56	54
Joiners	6	3
	62	57
Less:		
Other secessionists	(5)	(1)
At end of year	57	56

REPORT OF THE TRUSTEES (Continued)



Financial Review

The statement of changes in net assets available for benefits on page 40 shows an increase in the net assets of the Scheme for the year of Shs 794,625,000 (2021: Shs 1,430,651,000) and statement of net assets available for benefit on page 41 shows the Scheme's net assets as Shs 9,908,046,000 (2021: Shs 9,113,421,000).

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. They are not responsible for investment in properties, which are managed in-house.

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:

	2022	%	2021	%	RBA Limit %
Equities	1,666,225	17.4%	2,054,452	21.3%	70
Government Securities	5,297,481	55.3%	5,133,627	53.2%	70
Corporate Bonds	59,032	0.6%	38,475	0.4%	20
Fixed Deposits	494,118	5.2%	698,865	7.2%	30
Investment Property	1,318,501	13.8%	1,288,680	13.4%	30
Private Equity	433,668	4.5%	153,877	1.6%	10
Treasury Bills	106,862	1.1%	24,211	0.2%	10
Offshore	205,585	2.1%	260,555	2.7%	15
	9,581,472	100%	9,652,742	100%	

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.



Winnie Pertet Trustee

She was appointed to the Board of Trustees in 2022 as a Sponsor nominated Trustee. She is the Chair of the Administration & Communication Committee and a member of the Audit & Risk Management Committee.

She holds MBA in Human Resource Management and a Bachelor of Education Degree, both from Kenyatta University, a Higher Diploma in Human Resource Management and a Diploma in Executive Coaching from the Academic of Executive Coaching (AEOC). She is a seasoned Human Resource Practitioner with a rich career spanning over 22 years at various management and leadership levels in leading local and global multinational organizations. Her career includes over 10 years in the Banking Industry and a further 7 years in the manufacturing sector, (FMCG) at East African Breweries and Coca-Cola SABCO (now Africa Beverages) as well as 3 years in financial services that includes Insurance, Asset Management, Banking and Property. She was the founding Chairperson of the National Employment Authority as well as a past Chairperson of the Association of Retirement Benefits Schemes. She is credited with the successful setup of National Employment Authority, a government corporation, a task which involved lobbying and developing relationships within government and related partners. During her tenure as Chairperson of Association of Retirement Benefits Schemes (ARBS), she facilitated the design and launch of Trustee accreditation training. She currently serves as the CEO of Serian Consulting Limited, the Chairperson of Ngare Narok Holdings Limited and a Trustee of Management University of Africa (MUA).

BOARD OF TRUSTEES



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 Administration & Communication Committee and a member of Audit & Risk Management 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 acting Managing Director and CEO at KenGen PLC.



FCS Austin Ouko

Trustee

He holds a Bachelor of Laws (LL.B) and Master of Laws (LLM) in Public Finance & Financial Services Law from the University of Nairobi, Master of the Science of Law (JSM) from Stanford University Law School, California, USA. Mr. Ouko holds a Diploma in Law from the Kenya School of Law, Practice Diploma in International Commercial Law from the College of Law of England & Wales, Postgraduate Diploma in Domestic Arbitration from the Chartered Institute of Arbitrators, Advanced Diploma in Business Administration and a Diploma in Management of Information Systems. He is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, registered Certified Public Secretary, Fellow of the Institute of Certified Secretaries Kenya, Fellow of the Chartered Institute of Arbitrators (UK & Kenya Branch), an Accredited Governance Auditor, member of the Law Society of Kenya, the International Bar Association, the Commonwealth Lawyers Association and the Kenya Institute of Management. He is currently the Company Secretary and General Manager Legal Affairs at KenGen PLC.

BOARD OF TRUSTEES



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

CEO & 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).

BOARD OF TRUSTEES-RETIRED



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 CS EAC, ASALs & Regional Development - East African Community, ASALs & Regional Development.



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



Ernest Nadome

Chairman- Board of Trustees

CHAIRMAN'S STATEMENT

Dear Members

I am delighted to report on the Scheme's performance during the year ended 31st December 2022. Though quite a tumultuous year for any investor, our singular mandate remains "to ensure sustainable retirement benefits to our members and beneficiaries." By nature, the Scheme is a forward-looking organization.

We make decisions today with a view to the best interests of multiple generations which is key to our mindset, and this draws our focus continually toward long-term performance.

Operating Economic Environment & Outlook

During the year 2022, Kenya experienced a steady economic recovery from Covid-19 shocks more so the hospitality industry. The largest detractors to performance were external including Russia-Ukraine war which has elevated fuel and food prices. The hike on inflation rates in Kenya which closed at 9.1% in December 2022 was directly because of this.

The currency weakened against the dollar as the demand for the dollar grew due to global economic uncertainty.

The Treasury Bill rates also rose during the year due to increased fiscal deficit financing and the inflationary pressure. The Nairobi All Share Index (NASI) and NSE 20 Share Index shed -23.7% and -12.4%, respectively in year 2022 due to heavy foreign investor sell offs and investor pessimism.

our singular mandate remains "to ensure sustainable retirement benefits to our members and beneficiaries."

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 KES 9.9 billion in net assets as of December 31, 2022, a shy away from KES 10 billion mark, the Scheme assets growth over the years has been steady, albeit a marginal decline in this last year, attributable to growth in contributions and investments income.



Board of Trustees

During the year, the Board adopted and implemented an annual board evaluation exercise as a necessary tool to measure governance, accountability and areas of improvement while carrying out our mandate. There was also a change in the composition of the Board of Trustees during the year.

The Board would like to thank the outgoing Trustees Ms. Rebecca Miano & Mr. Peter Mutemi. We are grateful for their invaluable contribution during their tenure.

At the same time, the Board welcomes the newly sponsor-nominated Trustees, Ms. Winnie Pertet & Mr. Austin Ouko who bring a wealth of diverse skills and experience to further strengthen the Scheme's governance framework.

Perspective of the Scheme's Future

As we take a leap into year 2023, both global and local economic outlook is expected to slow down to 2.8% & 5.4%, respectively. We expect a tough investment landscape marked with; elevated inflationary pressures resulting from high fuel and food prices, and which will cause a decline in disposable incomes; the Kenya Shilling depreciation to continue; the average treasury bill rates to rise further but gradually effectively causing a rise in commercial bank interest rates. Further, an upward shift in the yield curve is expected with investor preference to be on short-term debt securities. Stocks in the NSE are likely to underperform.

It appears all gloom and doom but be assured the Board task is long-term value creation. This they have achieved through maintaining a disciplined asset mix and which is re-balanced regularly to align to different investment cycles. We remain committed to serving our members and ensuring the pension fund continues to pay promised pension benefits for this and future generations.

Appreciation

We drive our commitment to serve our members through team effort from many of you: 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 2022 as we drive the commitment to provide sustainable retirement benefits. Thank you!



ERNEST NADOME

CHAIRMAN

KenGen DEFINED CONTRIBUTION (DC) SCHEME 2012



JOSPCHAT MURIUKI

CEO & Trust Secretary

TRUST SECRETARY'S STATEMENT

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

I am pleased to present this report that provides highlights of our performance and activities for the year ending 31st December 2022. The Scheme continued with its steady growth during the year which affirms the soundness of the strategy deployed by the Board. This journey which is clearly captured in its vision statement which is to "To be the leading Pension Scheme in the region that provide best-in-class Services to its Members." The Scheme assets under management grew by KShs. 794 million from KShs. 9.113 billion in 2021 to KShs. 9.908 billion at the end of 2022.



Fund Administration

We received an approval from the Retirements Benefits Authority (RBA) to provide internal administration to the Scheme with effect from 1st January 2022. Through this, we have enhanced service provision to members and their beneficiaries, we now gain long-term operational efficiencies; and improve internal controls. As part of the Scheme's strategic objective to enhance member offering, several initiatives were undertaken during the year. Specialized pre-retirement trainings targeting those members due for retirement within one year were held in liaison with the Sponsor. These trainings are intended to equip the target membership with necessary information regarding their benefits and financial planning as they prepare to exit the employment arena. Going forward, the Scheme will be seeking to expand the horizon to target members with five years to retirement. Apart from the specialized trainings the Scheme organized for the routine retirees' seminars.

Income Drawdown Fund

We commenced management of the Income Drawdown (IDD) Fund in July 2022, and now in its 6 months of existence to the end of the year 2022, the fund size which began from nought has grown tremendously, to close at KES 108M. A retired member commits his lumpsum to an income drawdown fund whereby 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.

Member Engagement during the Year

The Scheme in its pursuits for continuous improvement continued to solicit for feedback from members as it seeks to integrate the members' views in all its activities. During the year, the Scheme conducted a member satisfaction survey which is part of the annual exercise aimed at determining the satisfaction levels, the results of the survey indicating the need for more financial training for all members. The Scheme has hence incorporated the recommendations and feedback from the survey in the annual activity plan for the coming periods.

With a view of enhancing the products offerings the Scheme has partnered with the National Hospital Insurance Fund and other private medical scheme providers in implementing an enhanced Retirement Medical Scheme through which the retirees are provided with a comprehensive medical cover at an affordable cost. The uptake has been good which is attributed to the attractiveness of the benefits provided by the cover. Plans are under towards establishment of a prefunded post-retirement medical scheme through which in-service members can save for the retirement medical needs while still in employment.

Customer Experience

Adding value to our members is amongst key success metrics for the daily work of the Secretariat team of employees. Every interaction counts in creating a seamless good experience for our members. As part of the Scheme's renewal, we have set up mechanisms and processes to keep constantly up to date with our members' sentiments. This includes feeding the insights from our customers back to the Scheme to foster understanding and ambitions for continuous improvement.

Check the quarterly newsletter which is committed to providing timely and transparent information about the Scheme, well beyond what is required of us by legislation. Did you know you have access to an Online Portal to check member information at a click of a button? You can also download the App right on your mobile gadget.

Risk Management

As a Scheme with an exceptionally long investment horizon, we must be prepared to navigate all market conditions. Our aim is thus not to quickly acquire new assets or disposing of existing ones. Instead, we must assess, understand, and proceed using good judgment. For long-term investors, extreme market volatility requires to stay the course to insulate us from actions that could work against us in investing. It is our job to tame these impulses. We are taking the time now to identify the changes that will be both enduring and progressive. We are balancing our search for new opportunities with our long-term strategy while maintaining conservative levels of liquidity. Our long-horizon approach to building a highly diversified, resilient portfolio will continue to be our guide through what is to come.

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.

Outlook

According to the Central Bank of Kenya, the economy is expected to perform better leaving behind months of electioneering uncertainty. Although Kenya's economy has been resilient, the multiple recent shocks depict the urgency of improving social protection mechanisms to cushion the most vulnerable households against financial challenges, persistent inflationary pressures, unpredictable weather patterns and challenges emanating from global factors. Indicators still point to softer but gradual economic recovery.

Appreciation

In closing, I would like to express my gratitude to our Sponsor, members and stakeholders, without whose confidence these achievements would not have been possible. I also take this opportunity to appreciate the Board of Trustees for their invaluable insights and guidance as well as to all the employees for their commitment in serving the Scheme. With all stakeholders' inputs we continue to focus on building a Scheme that has good returns and well diversified to withstand the continued economic shocks in the endeavour to transform the lives of the members. God Bless you all.



Josphat Muriuki
CEO & Trust Secretary



MANAGEMENT



THE SECRETARIAT

Billy Olick
Procurement
Officer

Hannah Nguhi
Senior Investment
Officer

Purity Kamau
Senior Pensions
Administration Officer

Nicodemus Kiptoo
Senior Finance Officer

Anthony Mang'eli
Senior Property Officer

Rashid Kanyua
Financial Accountant

Lawrence Paschal
ICT Support Assistant

Jane Namnyak
Hospitality Assistant

Doreen Wairimu
Pensions Administration
Assistant

Evelyne Mwangi
Investment Analyst



Francis Maina
Property Maintenance
Technician

Maraka Silvio
Accounts Assistant

Albert Anam
Pensions Administration
Officer

Josphat Muriuki
Chief Executive Officer &
Trust Secretary

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 (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).



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).



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 1. 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).



FINANCIALS



SCHEME GOVERNANCE

1. Trustees in Office

In 2022 financial year the following Trustees served in the Board of KenGen Defined Contribution (DC) Scheme:

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	55	Member's Elected	10	Yes	Master's Degree	KPPF
Ms. Rebecca Miano*	57	Sponsor Nominated	9	Yes	Bachelor's degree	KenGen Plc
Mr. Abraham Serem	57	Sponsor Nominated	12	Yes	Bachelor's degree	KenGen Plc
Ms. Winnie Pertet**	57	Sponsor Nominated	5	No	Master's Degree	KenGen Plc
Mr. Austin Ouko***	41	Sponsor Nominated	7	Yes	Master's Degree	N/A
Mr. Peter Mutemi****	60	Member's Elected	27	Yes	Bachelor's degree	N/A
Mr. Charles Masio	45	Member's Elected	28	Yes	Master's Degree	N/A
Mr. Asaria Onsoti	36	Member's Elected	22	Yes	Bachelor's degree	N/A

* Trustee Rebecca Miano retired from the Board on 18th October 2022.

** Trustee Winnie Pertet was appointed to the Board on 18th October 2022.

*** Trustee Austin Ouko was appointed to the Board on 18th October 2022.

**** Trustee Peter Mutemi retired from the Board on 24th December 2022.

2. Meetings

The Board of Trustees held Six (6) full Board meetings during the year ending 31st December 2022. The meetings were held on the dates set out below:

- 9th March 2022
- 25th March 2022
- 2nd June 2022
- 8th September 2022
- 2nd November 2022
- 9th December 2022

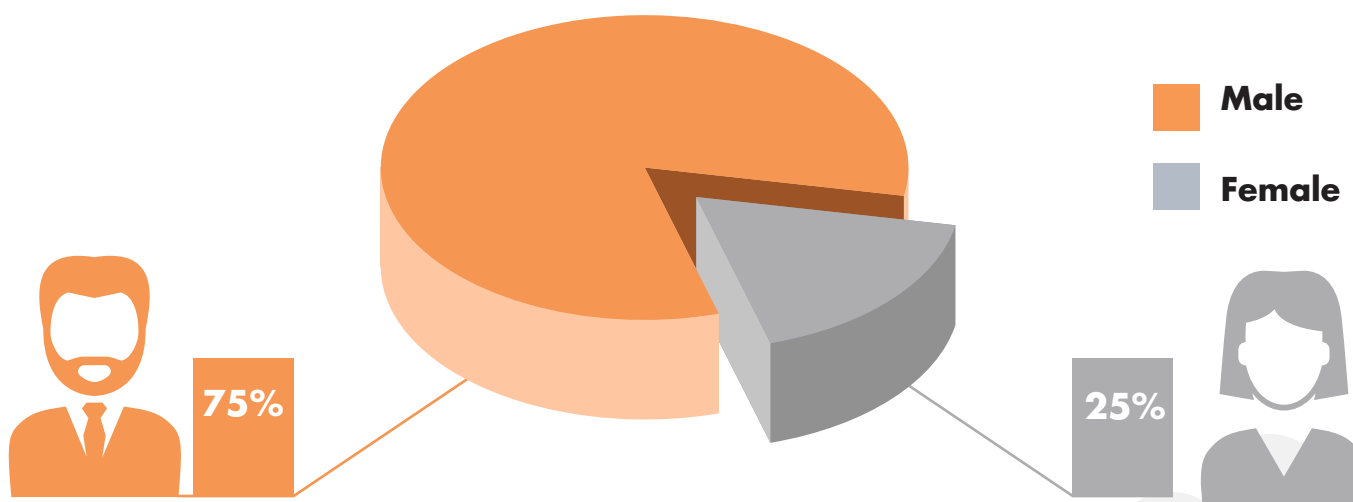


REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (CONTINUED)

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

a. Gender balance: Female 25% Male 75%



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

c. Age mix: Number of Trustees who are younger than 35 years (none) and Trustees older than 35yrs (8).

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	7	Professional Consultants	840
Administration & Communication	5	Professional Consultants	540
Audit & Risk Management	5	Professional Consultants	655
Full Board	6	Professional Consultants	1,830

5. Fiduciary responsibility statement

The Board of Trustees is the governing body of the KenGen Defined Contribution (DC) 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 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:

- 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.

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 2022 Annual General Meeting (AGM) Hybrid (Virtual & Physical) on 15th July 2022 at Western Region Sondu Grounds where 1,120 Members attended making up 46.5% of the Scheme Members

Channel/Methodology used	Date held in 2022	No. of Members	Remarks
Member Education Forums	April, May, September, October & November 2022	487	Eastern, western, Thermal regions & Ygen forums
Beneficiary Visits	June & July 2022	3	Across the country
Retirees farewell party	December 2022	9	Western Hydro’s & Upper Tana
Induction Forum	October 2022	42	Utalii Nairobi

REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (CONTINUED)

10. Trustees remuneration policy

During the year under review, the Trustees were paid a gross of Kenya shillings Five Million Thirty-Four Thousand Nine Hundred Ninety Seven only (Shs 5,034,997).

The payment complied with the Trustee remuneration policy of the Scheme as approved by members at the Annual General Meeting held on the 15th July 2022 at Western Region Sondu Grounds.

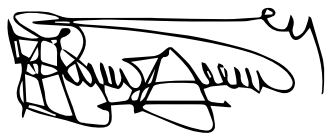
11. Board of Trustees Evaluation

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 96.37% 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.

AUDITORS

Deloitte & Touche LLP having expressed their willingness, will continue to be in office in accordance with section 34(3) of the Retirement Benefits Act.

SIGNED ON BEHALF OF THE TRUSTEES
For the Trustees



Ernest N Nadome
Chairman – Board of Trustees

28th March 2023



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 28th March 2023 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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of KenGen Defined Contribution (DC) Scheme (the "Scheme") set out on pages 32 to 65 which comprise the statement of net assets available for benefits at 31st December 2022 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 31st December 2022 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

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, Practising certificate No. 1537.**

**For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi**



28th March 2023



STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Shs'000	2021 Shs'000
CONTRIBUTIONS AND WITHDRAWALS			
Contributions	4	1,503,999	1,182,109
Benefits payable		(599,047)	(528,855)
Net surplus from dealings with members		904,952	653,254
RETURNS ON INVESTMENTS			
Investment income	5	797,296	736,322
Change in fair value of property investments	6	22,953	17,000
Change in fair value of private equity	8(h)	(768,000)	176,806
Less: Investment management expenses	9	(27,644)	(20,602)
Net returns on investments		24,605	909,256
Administrative expenses	10	(70,644)	(70,259)
Income tax expense	14(b)	(64,288)	(61,871)
INCREASE IN NET ASSETS FOR THE YEAR		794,625	1,430,650
NET ASSETS AVAILABLE FOR BENEFITS AT START OF YEAR		9,113,421	7,682,771
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR		9,908,046	9,113,421



STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2022

	Notes	2022 Shs'000	2021 Shs'000
ASSETS			
Investment property	6	1,318,501	1,288,681
Intangible asset	7	2,546	4,730
Equity investments	8(a)	1,666,225	2,054,452
Government securities – Treasury bonds	8(b)	5,297,481	5,133,627
Government securities – Treasury bills	8(c)	106,862	24,211
Corporate bonds	8(d)	59,032	38,475
Private equity	8(e)	433,668	153,877
Short term deposits	8(f)	494,118	698,865
Offshore investment	8(g)	205,585	260,555
Contribution Receivable	11(a)	335,007	-
Other receivables and accrued income	11(b)	9,880	8,812
Cash and bank balances	13	19,448	108,829
Current Income tax recoverable	14(c)	15,238	-
Total assets		9,963,592	9,775,113
LESS: LIABILITIES			
Other payables and accrued expenses	12	55,545	646,860
Current income tax payable	14(c)	-	14,832
Total liabilities		55,545	661,692
Net assets available for benefits		9,908,046	9,113,421
REPRESENTED BY			
FUND BALANCE		9,908,046	9,113,421

The financial statements on pages 32 to 65 were approved for issue by the Trustees on 28th March 2023 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 2022

		2022	2021
	Notes	Shs'000	Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	11	1,168,992	1,280,678
Benefits paid		(600,164)	(536,213)
Administrative expenses paid		(70,644)	(67,730)
Movement in balances due to KenGen Retirement Benefits Scheme		10,860	(7,595)
Movement in working capital:			
Decrease in payables		(599,948)	(626,825)
Income tax paid	14(b)	(94,358)	(46,480)
Net cash from operating activities		(185,262)	(4,165)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	5	801,845	709,805
Income from Private Equity Equalization Fund	5	(5,800)	23,943
Investment management expenses paid	9	(30,767)	583,709
Purchase of investment property	6	(6,867)	(69,658)
Purchase of quoted equities	8(a)	(64,861)	(450,814)
Proceeds from sale of equities	8(a)	31,533	16,513
Purchase of treasury bonds	8(b)	(1,291,678)	(1,019,682)
Proceeds from sale of treasury bonds	8(b)	895,751	1,034,754
Purchase of treasury bills	8(c)	(101,559)	(20,669)
Proceeds from sale of treasury bills	8(c)	22,500	-
Proceeds from sale of corporate bonds	8(d)	795	-
Purchase of corporate bonds	8(d)	(19,900)	(38,475)
Purchase of Private equity fund	8(e)	(317,472)	(26,917)
Purchase of offshore investment	8(g)	(22,384)	(244,436)
Net cash used in investing activities		(108,864)	(128,751)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(294,127)	493,908
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of year	13	807,693	313,784
(Decrease)/ Increase in cash and cash equivalents		(294,127)	493,909
At end of year	13	513,566	807,693

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KenGen Defined Contribution (DC) Scheme 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.

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 31st December 2022

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. Some of the new standards are as below:

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments do not have any material impact on the disclosures or on the amounts reported in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- i. Relevant new standards and amendments to published standards effective for the year ended 31 December 2022 (Continued)

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use (Continued)

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 37 erroneous Contracts - Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that

contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments do not have any material impact on the disclosures or on the amounts reported in these financial statements.

- ii. Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31st December 2022

At the date of authorization of these financial statements, various revised standards and interpretations were in issue but not yet effective.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies
Amendment to IAS 8	Definition of Accounting Estimates
Amendment to IAS 12	Deferred Tax related Assets and Liabilities arising from a Single Transaction

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2022

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 or 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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.

Holding all other factors constant, the impact of a 10% change in the effective interest rate of investments in bonds would have increased/decreased the net assets available for benefits by Shs 529,748,000 (2021: Shs 513,362,740).

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 31st December 2022, 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 Shs 166.7 million (2021: Shs 205.5 million) higher/lower.

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.

iv. 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 2022

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The amount that best represents the Scheme's maximum exposure to credit risk as at 31 December 2022 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
31 December 2022						
Kenya Government Securities	8(b) & 8(c)	N/A	N/A	5,404,343	-	5,404,343
Investment in private equities	8(e)	N/A	N/A	433,668	-	433,668
Fixed and term deposits (Kenya)	8(f)	N/A	12-month ECL	494,118	-	494,118
Contributions Receivable				335,007	-	335,007
Other receivables	11	Performing	Lifetime ECL	9,880	-	9,880
Cash at bank	13	N/A	12-month ECL	19,448	-	19,448
				6,696,464		6,696,464
31 December 2021						
Kenya Government Securities	8(b) & 8(c)	N/A	N/A	5,133,627		5,133,627
Commercial paper and corporate bonds	8(d)	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
				6,096,220	-	6,096,220

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 2022

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) 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.

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

(vi) 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)

	Level 1	Level 2	Total
	Shs'000	Shs'000	Shs'000
31 December 2022			
At fair value through profit or loss			
Quoted equities	1,666,225	-	1,666,225
Kenya Government securities	5,404,343	-	5,404,343
Investment properties	1,318,501	-	1,318,501
	8,389,069		8,389,069
31 December 2021			
At fair value through profit or loss			
Quoted equities	2,054,452	-	2,054,452
Kenya Government securities	5,133,627	-	5,133,627
Investment properties	1,288,681	-	1,288,681
	8,476,760		8,476,760

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value estimation (Continued)

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.

4. CONTRIBUTIONS RECEIVABLE

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
From employer	929,948	-	929,948	784,859	-	784,859
From employee	470,064	-	470,064	397,250	-	397,250
Transfers in	-	103,987	103,987	-	-	-
	1,400,012	103,987	1,503,999	1,182,109	-	1,182,109

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5. INVESTMENT INCOME

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Rental Income	3,600	-	3,600	3,600	-	3,600
Dividend Income						
Quoted Shares	116,409	-	116,409	60,252	-	60,252
Interest and discount receivable						
Kenya Government Securities	629,349	3,290	632,639	624,099	-	624,099
Commercial Paper and corporate bond	5,853		5,853	-	-	-
Treasury Bills	3,411	181	3,592	3,542	-	3,542
Fixed and term deposit	28,686	947	29,632	22,254	-	22,254
Other Income*	1,107	-	1,107	702	-	702
Loss on disposal of Shares (note8(a))	1,528	-	1,528	(1,606)	-	(1,606)
Gain/(Loss) on disposal of Bonds	9,302	-	9,302	(3,498)	-	(3,498)
Equalization Interest (Paid)/Earned on PE	(5,761)	-	(5,761)	23,943	-	23,943
Income from Offshore	-	-	-	3,035	-	3,035
Realised gain/losses	(605)	-	(605)	-	-	-
	792,878	4,418	797,296	736,322	-	736,322

6. INVESTMENT PROPERTY

	2022	2021
	Shs'000	Shs'000
At start of year	1,288,681	575,001
Additions	6,867	696,680
Fair value gain	22,953	17,000
At end of year	1,318,501	1,288,681

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. INVESTMENT PROPERTY (Continued)

The Scheme's investment properties were revalued at 31 December 2022 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 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2022				
Investment property	-	1,318,501	-	1,318,501
At 31 December 2021				
Investment property	-	1,288,681	-	1,288,681

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 2022

7. INTANGIBLE ASSETS - (SOFTWARE)

	Software	WIP	Total
	Shs'000	Shs'000	Shs'000
Cost			
At 1 January 2022	4,730	-	4,730
Additions	-	-	-
At 31 December 2022	4,730		4,730
Amortisation			
At 1 January 2022	-	-	-
Charge for the year	(2,184)	-	(2,184)
At 31 December 2022	2,546		2,546
Net book value			
At 31 December 2022	2,546		2,546
At 31 December 2021	4,730		4,730



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS (Continued)

a) Equity Investments

Old Mutual											
	Additions	Dis-pos-al	Bo-nus/ Share split	Number of shares	Description	Market value at 31-Dec-21	Addi-tions- Cost	Disposal Cost	Gain/ (Loss) on Dis- posal	Market gain/ (loss)	Market value at 31-Dec-22
Number of shares											
31-Dec-21				31-Dec-22			Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
31,400	-	-	-	31,400	ARM Cement Plc	-	-	-	-	-	-
98,900	-	-	-	98,900	Bamburi Cement Plc	3,758	-	-	-	643	3,115
2,339,800	-	-	-	2,339,800	ABSA Bank of Kenya Plc	27,727	-	-	-	(1,053)	28,780
50,500	50,000	-	-	100,500	British American Tobacco Kenya Plc	22,296	22,002	-	-	(1,932)	46,230
3,531,220	-	-	-	3,531,220	Co-operative Bank of Kenya	45,729	-	-	-	2,295	43,434
189,140	-	-	-	189,140	Diamond Trust Bank Kenya	11,254	-	-	-	1,797	9,457
395,600	-	-	-	395,600	East African Breweries Ltd	65,274	-	-	-	(989)	66,263
3,208,800	-	-	-	3,208,800	Equity Group Holdings Plc	169,264	-	-	-	26,473	142,792
7,400	-	-	-	7,400	Centum Investment Co Plc	104	-	-	-	42	62
3,613,400	100,000	-	-	3,713,400	KCB Group Plc	164,229	3,844	-	-	26,593	141,481
35,609	-	-	-	35,609	Jubilee Holdings Ltd	11,279	-	-	-	4,202	7,077
879,342	-	-	-	879,342	NCBA Bank Kenya Plc	22,159	-	-	-	(12,443)	34,602
13,947,700	150,000	-	-	14,097,700	Safaricom Plc	529,315	4,021	-	-	192,877	340,459
104,500	-	-	-	104,500	Umeme C. Ltd KES	704	-	-	-	(71)	775
231,600	-	-	-	231,600	Kenya Power & Lighting Co	405	-	-	-	44	361
170,710	-	-	-	170,710	Standard Chartered Bank Kenya Ltd	21,894	-	-	-	(2,475)	24,369
70,900	-	-	-	70,900	Stanbic bank	6,186	-	-	-	(1,046)	7,232
2,419,800	-	-	-	2,419,800	KenGen Co Plc Ord	10,139	-	-	-	2,347	7,792
31,326,321	300,000	-	-	31,626,321	Sub Total	1,111,717	29,867	-	-	237,304	904,281

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS (Continued)

a) Equity Investments

ICEA Lion Asset Managers Ltd											
	Additions	Disposal	Bonus/ Share split	Number of shares	Description	Market value at 31-Dec-21	Additions- Cost	Disposal Cost	Gain/ (Loss) on Dis- posal	Market gain/ (loss)	Market value at 31-Dec- 22
Number of shares											
31-Dec-21				31-Dec-22			Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
213,600	-	-	-	213,600	ARM Cement Plc	-	-	-	-	-	-
33,210	-	-	-	33,210	British American Tobacco Kenya Plc	14,662	-	-	-	(614)	15,277
800	-	-	-	800	HF Group Plc	3	-	-	-	-	3
3,950,380	-	-	-	3,950,380	Co-operative Bank of Kenya	51,157	-	-	-	2,568	48,590
80,652	-	(30,000)	-	50,652	Diamond Trust Bank Kenya	4,799	-	(2,250)	738	16	2,533
3,320,700	205,000	-	-	3,525,700	Equity Group Holdings Plc	175,167	9,312	-	-	27,585	156,894
453,100	20,000	-	-	473,100	East African Breweries Ltd	74,762	3,359	-	-	(1,124)	79,244
3,390,356	-	(82,900)	-	3,307,456	KCB Group Plc	154,092	-	(3,129)	(413)	24,949	126,014
674,278	-	(192,500)	-	481,778	NCBA Group Plc	16,992	-	(5,097)	(941)	(7,063)	18,958
195,800	-	-	-	195,800	KenGen Co. Plc	820	-	-	-	190	630
443,000	-	-	-	443,000	Umeme Ltd Ord UGS	2,674	-	-	-	(1,371)	4,046
335,482	-	(335,460)	-	22	Umeme Ltd Ord KES	2,261	-	(2,725)	70	(464)	-
10,359,219	875,000	-	-	11,234,219	Safaricom Plc	393,132	22,323	-	-	144,149	271,306
112,400	-	(6,500)	-	105,900	Standard chartered bank Ltd	14,415	-	(925)	67	(1,627)	15,117
291,600	-	(85,000)	-	206,600	Stanbic Bank Ltd	25,442	-	(7,314)	(1,046)	(2,945)	21,073
1,983,750	-	(1,605,700)	-	378,050	MTN Uganda	12,356	-	(10,093)	3	3	2,260
25,838,327	1,100,000	(2,338,060)	-	24,600,267	Sub Total	942,735	34,994	(31,533)	1,528	184,251	761,943
57,164,648	1,100,000	(2,338,060)	-	56,226,588	Sub Total	2,054,452	64,861	(31,533)	1,528	421,555	1,666,225

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 2022

8. INVESTMENTS (Continued)

b) Treasury Bonds at Fair Value through Profit or Loss

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At the Beginning of the year	5,133,627	-	5,133,627	5,218,184	-	5,218,184
Additions at face value	1,207,754	83,923	1,291,678	1,019,682	-	1,019,682
Disposal	(895,751)	-	(895,751)	(1,034,754)	-	(1,034,754)
(Loss) on disposal of bonds	-	-	-	(3,498)	-	(3,498)
Change in Fair Value	(232,725)	652	(232,073)	(65,987)	-	(65,987)
At the end of the year	5,212,906	84,575	5,297,481	5,133,627	-	5,133,627
Maturing as follows						
Between 1-3 years	-	-	-	-	-	-
After 3 years	5,212,906	84,575	5,297,481	5,133,627	-	5,133,627

The weighted average interest rate as at 31st December 2022 was 12.72 % (2021: 10.41 %).

c) Treasury Bills at Fair Value through Profit or Loss

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At the beginning of the year	24,211	-	24,211	-	-	-
Additions at face value	94,968	6,591	101,559	20,669	-	20,669
Disposal at face value	(22,500)	-	(22,500)	-	-	-
Change in Fair Value	3,411	181	3,592	3,542	-	3,542
At the end of the year	100,090	6,772	106,862	24,211	-	24,211
Maturing as follows:						
Within 1 Year	100,090	6,772	106,862	24,211	-	24,211

The weighted average interest rate as at 31st December 2022 was 9.762% (2021: 8.827%)

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

			2022 Shs'000	2021 Shs'000
	Maturity Date	Interest Rate		
KMRC	23-02-2029	12.5%	20,721	-
EABL medium term note	29-10-2026	12.25%	38,311	38,475
			59,032	38,475

Movements in corporate bonds is analysed as follows:

	2022 Shs'000	2021 Shs'000
At the beginning of the year	38,475	-
Additions	19,900	38,475
Disposals	(795)	-
Loss on disposal		
Fair value loss	1,451	-
At the end of the reporting period	59,032	38,475
Maturing as follows		
After 3 years	59,032	38,475
	59,032	38,475

The weighted average interest rate as at 31st December 2022 was 12.38 % (2021: 12.25 %).

e) Private Equity at Fair Value through Profit or Loss

	2022 Shs'000	2021 Shs'000
At start of year	153,877	116,492
Additions	317,471	26,719
Change in Fair value	(37,681)	10,666
At end of year	433,668	153,877

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS (Continued)

f) Short Term Deposits

	Average Interest Rate	Maturity	2022 DC Shs'000	2022 IDD Shs'000	2022 Total Shs'000	2021 DC Shs'000	2021 IDD Shs'000	2021 Total Shs'000
Co-operative Bank	8.50%	03/01/2022	-	-	-	209,598	-	209,598
NCBA Bank	8.50%	10/01/2022	-	-	-	115,227	-	115,227
NCBA Bank	8.50%	03/01/2022	-	-	-	11,023	-	11,023
NCBA Bank	8.50%	03/01/2022	-	-	-	67,536	-	67,536
NCBA Bank	9.00%	13/10/2022	-	-	-	15,289	-	15,289
Equity Bank	8.00%	31/05/2022	-	-	-	2,513	-	2,513
KCB Bank	8.30%	31/05/2022	-	-	-	2,208	-	2,208
NCBA Bank	8.50%	31/05/2022	-	-	-	25,087	-	25,087
NCBA Bank	8.50%	31/05/2022	-	-	-	25,087	-	25,087
DTB Bank	8.30%	31/12/2022	-	-	-	37,067	-	37,067
Equity Bank	8.50%	31/12/2022	-	-	-	106,874	-	106,874
Equity Bank	8.50%	31/12/2022	-	-	-	39,018	-	39,018
NCBA Bank	8.50%	31/12/2022	-	-	-	9,923	-	9,923
NCBA Bank	8.50%	31/12/2022	-	-	-	30,014	-	30,014
NCBA Bank	8.50%	31/12/2022	-	-	-	2,400	-	2,400
Co-operative Bank	9.80%	16/01/2023	10,289	-	10,289	-	-	-
Co-operative Bank	10.50%	04/01/2023	7,020	-	7,020	-	-	-
Co-operative Bank	10.50%	04/01/2023	5,022	-	5,022	-	-	-
Co-operative Bank	10.25%	17/07/2023	51,027	-	51,027	-	-	-
Co-operative Bank	10.00%	09/01/2023	10,060	-	10,060	-	-	-
Co-operative Bank	10.50%	16/01/2023	13,056	-	13,056	-	-	-
KCB Bank	10.80%	03/01/2023	6,014	-	6,014	-	-	-
KCB Bank	10.00%	09/01/2023	50,797	-	50,797	-	-	-
SBIC Bank	11.80%	09/06/2025	50,357	-	50,357	-	-	-
Equity Bank	9.30%	31/05/2023	2,045	-	2,045	-	-	-
Equity Bank	9.30%	31/05/2023	2,044	-	2,044	-	-	-
Equity Bank	9.50%	31/05/2023	4,025	-	4,025	-	-	-
KCB Bank	9.50%	31/05/2023	20,385	-	20,385	-	-	-
KCB Bank	9.50%	31/05/2023	18,309	-	18,309	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2022****8. INVESTMENTS (Continued)****f) Short Term Deposits (Continued)**

	Average Interest Rate	Maturity	2022 DC Shs'000	2022 IDD Shs'000	2022 Total Shs'000	2021 DC Shs'000	2021 IDD Shs'000	2021 Total Shs'000
NCBA Bank	9.50%	31/05/2023	15,148	-	15,148	-	-	-
NCBA Bank	9.50%	31/05/2023	7,053	-	7,053	-	-	-
Equity Bank	9.50%	CALL	52,618	-	52,618	-	-	-
I & M Bank	9.50%	CALL	11,695	-	11,695	-	-	-
NCBA Bank	9.50%	CALL	14,604	-	14,604	-	-	-
NCBA Bank	10.00%	CALL	92,101	-	92,101	-	-	-
NCBA Bank	9.50%	CALL	12,624	-	12,624	-	-	-
NCBA Bank	9.50%	CALL	25,645	-	25,645	-	-	-
KCB Bank	9.50%	CALL	-	1,945	1,945	-	-	-
NCBA Bank	9.50%	CALL	-	1,515	1,515	-	-	-
NCBA Bank	9.50%	CALL	-	1,008	1,008	-	-	-
Co-operative Bank	10.50%	CALL	-	1,003	1,003	-	-	-
Equity Bank	9.10%	CALL	-	208	208	-	-	-
NCBA Bank	11%	CALL	-	6,502	6,502	-	-	-
			481,937	12,181	494,118	698,865	-	698,865

The weighted average interest rate as at 31st December 2022 was 9.89% (2021: 8.47%)

	2022 DC Shs'000	2022 IDD Shs'000	2022 Total Shs'000	2021 DC Shs'000	2021 IDD Shs'000	2021 Total Shs'000
Maturing as follows:						
Within 1 Month	311,544	4,468	316,013	403,384	-	403,384
Between 1 - 3 Months	170,393	7,713	178,106	295,481	-	295,481
Included in the cash and cash Equivalence in (Note 13)	481,937	12,181	494,118	698,865	-	698,865

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS (Continued)

f) Short Term Deposits

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:

	2022	2021
	%	%
KCB Group Plc	12	15
East African Breweries Plc	2	6
Equity Group Holdings Plc	12	15
Safaricom Plc	45	48

(g) Offshore investments

	2022	2021
	Shs'000	Shs'000
At start of year	260,556	-
Additions	22,384	244,436
Fair value gain	(77,356)	16,120
At end of year	205,585	260,556

(h) Fair value (loss)/gain

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Treasury bonds	(232,725)	652	(232,073)	(65,987)	-	(65,987)
Equity investments	(421,555)	-	(421,555)	215,213	-	215,213
Corporate bonds	664	-	664	795	-	795
Private Equity	(37,681)	-	(37,681)	10,666	-	10,666
Offshore	(77,356)	-	(77,356)	16,120	-	16,120
	(768,652)	652	(768,000)	176,806	-	176,806

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9. INVESTMENT MANAGEMENT EXPENSES

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Investment Managers	21,341	86	21,427	15,565	-	15,565
Custodian	5,288	48	5,336	4,844	-	4,844
Property Expenses	881	-	881	193	-	193
	27,510	134	27,644	20,602	-	20,602

10. ADMINISTRATIVE EXPENSES

	2022 Shs'000	2021 Shs'000
Administrator's fees	-	3,117
Audit fees	1,933	2,000
RBA levy	5,000	5,000
Trustees' expenses	5,035	7,467
Capacity building expenses	7,895	9,224
Consultancy	4,719	4,632
Salary and wages	29,152	24,867
Member education	988	719
Other expenses	15,923	13,233
	70,644	70,259

11. OTHER RECEIVABLES AND ACCRUED INCOME

	2022 Shs'000	2021 Shs'000
(a) Contribution receivable	335,007	-
Movement in Contribution Receivable		
As at 1 January	-	98,569
Contribution for the year (note 4)	1,400,012	1,182,109
Contribution received	(1,065,005)	(1,280,678)
As at 31 December	335,007	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11. OTHER RECEIVABLES AND ACCRUED INCOME (Continued)

	2022	2021
	Shs'000	Shs'000
(b) Dividends and other receivable		
Transfers in DC	542	542
Transfers in -IDD	121	-
Dividends	7,021	7,788
Investment Income receivable-IDD	1,625	-
Other Receivables	551	481
Due From IDD	21	-
	9,880	8,811

12. OTHER PAYABLES AND ACCRUED EXPENSES

	2022	2021
	Shs'000	Shs'000
RBA levy	5,000	5,000
Audit fees	1,933	2,000
Custodial fees	1,370	2,842
*Other service providers fee	5,722	2,309
Fund management fees-DC	9,802	5,093
Fund management fees-IDD	114	-
Due to KenGen Staff Retirement Benefits Scheme	20,097	9,259
Due to DC Scheme from IDD Scheme	21	-
Withholding tax and withholding VAT payable	7,268	14,722
Withdrawals Payable	3,317	4,435
Rent Deposit	900	900
Purchase of Redhill Land	-	600,300
	55,545	646,860

*Other service provider's fees include accrual for leave, internal audit fees and tax consultancy fee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2022****13. CASH AND CASH EQUIVALENTS**

	2022 DC	2022 IDD	2022 Total	2021 DC	2021 IDD	2021 Total
Normal Contributions	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cash at Bank	19,035	412	19,448	108,829	-	108,829
Fixed and Term deposits (Note 8(f))	481,937	12,181	494,118	698,865	-	698,865
	500,973	12,593	513,566	807,693	-	807,693

14. INCOME TAX**a) Tax status of the Scheme**

KenGen Defined Contribution (DC) Scheme 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.

	2022 Shs'000	2021 Shs'000
b) Income tax expense		
Net investment income on unregistered portion of Scheme	214,294	206,236
Income subject to tax	214,294	206,236
Current income tax at 30% (2021: 30%)	64,288	61,871
c) Current Income Tax recoverable/(payable)		
At start of the year	(14,832)	559
Income tax expense (Note 14(b))	(64,288)	(61,871)
Tax Payments during the year	94,358	46,480
At end of year	15,238	(14,832)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15. CONTINGENT LIABILITIES

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme at 31st December 2022 or 31st December 2021.

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:

	2022 Shs'000	2021 Shs'000
Included in net assets at the year-end are:		
- Quoted shares held in the sponsor company	8,422	10,959
Transactions with related party:		
- Contributions received from KenGen Plc Sponsor company (note 11)	1,065,005	1,280,678



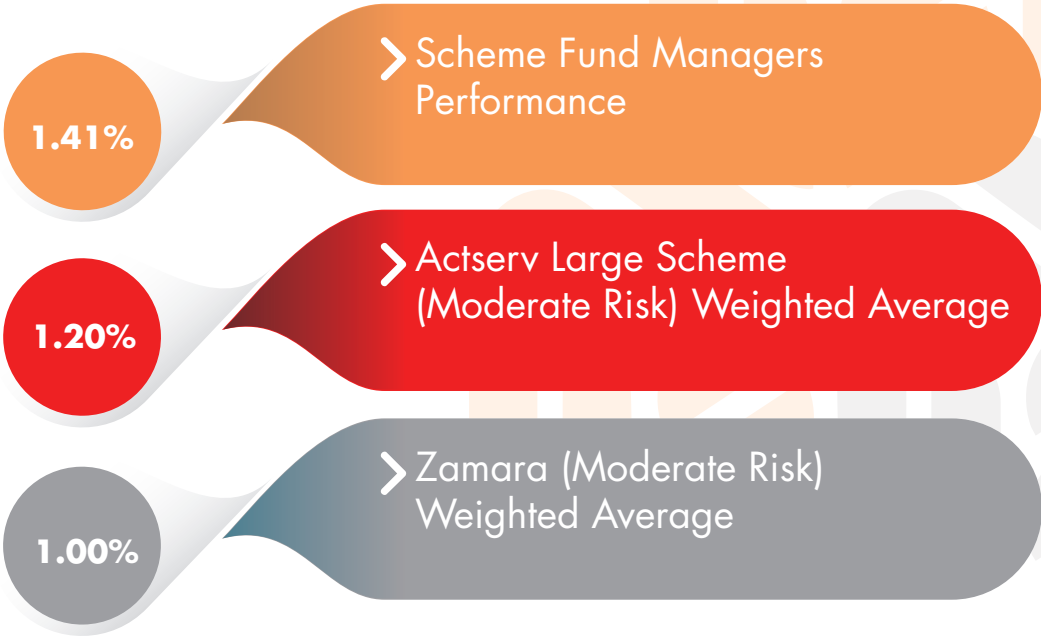
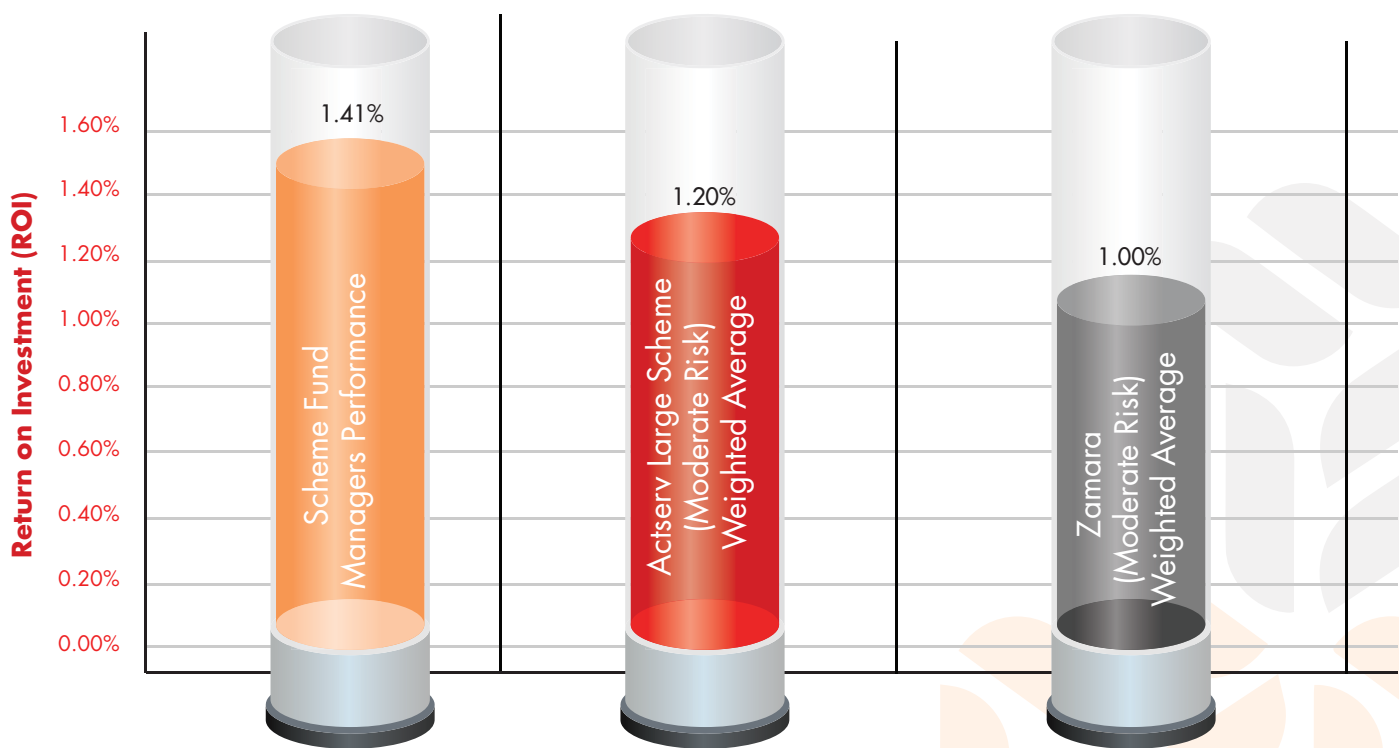
INDUSTRY STATISTICS

2022 Performance Statistics

The year 2022 was faced with market volatility globally as the Ukraine – Russia war disrupted supply chains of commodities such as fuel and grains hence their prices increased significantly. The year was also faced with high inflation as the cost of goods and service rose, central banks of both developed and emerging markets increased interest rates to combat the soaring inflation.

Locally, the increase in interest rates had adverse effects on the capital markets as foreign investors dumped local equities, dipping the valuation of high cap stocks, and lowering valuation of bonds as price and interest rates are inversely related. Consequently, lowering the return in the market.

Below is the performance statistics for DC Scheme:



BOARD RETREAT



MEMBERS ENGAGEMENT



AGM 2022



APTAK AWARDS



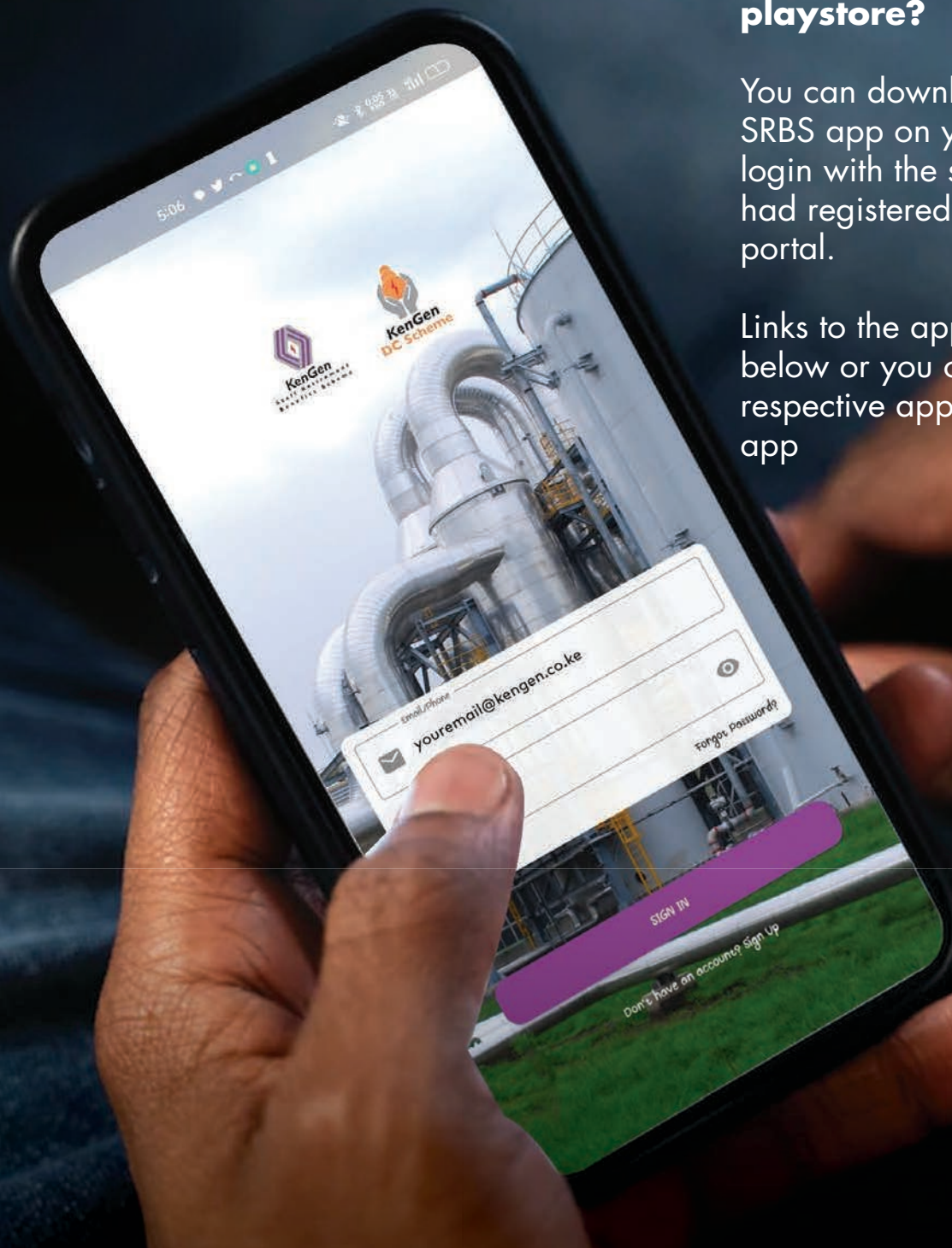


MOBILE APP

Did you know the Scheme also has a mobile application on the apple store and google playstore?

You can download the KenGen SRBS app on your smart phone and login with the same account that you had registered with on the member portal.

Links to the application can be found below or you can search the respective application store for our app



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DC Scheme

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