



KENYA PIPELINE COMPANY RETIREMENT BENEFITS (D.B) SCHEME

**Annual Report & Financial Statements
2025**

KPCRBS Scheme

The main purpose of the Scheme is to provide cash benefit and pensions for permanent and pensionable employees of Kenya Pipeline Company upon retirement as well as a relief for the dependents of the deceased employees.



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Scheme Information

TRUSTEES

Mrs Joyce Mutungi – Chairperson
Mr Fredrick Ogano
Mr Wilkinson Ntwiga
Mr Henry Lenairoshi
Ms Elizabeth Kinyua

Ms Dinah Kirwa
Mr George Ouma
Ms Jane Nakodony
Mr John Chege

REGISTERED OFFICE

The Crescent Business Centre
Off Parklands Road, Parklands
P.O. Box 13633-00800
Nairobi, Kenya.

INVESTMENT MANAGERS

GenAfrica Asset Managers Limited
Arlington Block, 14 Riverside Business
Park Off Riverside Drive
P.O. Box 79217 – 00100 Nairobi, Kenya.

ICEA LION Asset Management
ICEA LION Centre – Riverside Park,
Chiromo Road P.O. Box 44163-00100
Nairobi, Kenya.

FINANCIAL ADVISORS

Zamara Actuaries, Administrators and
Consultants Limited
Chiromo Road/ Waiyaki Way
P.O. BOX 52439-00200
Nairobi, Kenya.

ADMINISTRATOR

Sammy Njeru
In-house Pension Administration
Kenya Pipeline Company
Retirement Benefits Scheme
Nairobi, Kenya.

CUSTODIAN

Standard Chartered Bank of Kenya Ltd
48 Westlands Road
P.O. Box 40984-00100
Nairobi, Kenya.

LAWYERS

Robson Harris & Company Advocates
Transnational Plaza, 6th Floor, City Hall
P.O. Box 67845 – 00200
Nairobi, Kenya.

PROPERTY MANAGERS

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

INDEPENDENT AUDITORS

Ronalds LLP
Certified Public Accountants (K)
136 Manyani East Road, Off Waiyaki Way
P.O. Box 41331 – 00100
Nairobi, Kenya.



Chairman's Statement

For The Financial Year Ended June 30, 2025

I am pleased to present the Chairman's Statement for the Kenya Pipeline Company Defined Benefit (DB) Retirement Benefits Scheme for the financial year ended 30th June 2025. In this reporting period, the investment environment was exceptionally favorable, and our strategy delivered outstanding results.

Scheme Investment Performance

I am delighted to report that the Scheme achieved an investment return of KES. 1.57 billion (27.9%) for the reporting period 1 July 2024 – 30 June 2025. This strong performance significantly surpassed our (actuarial) target return of 10% and exceeded the composite benchmark by 5.8%. This performance is a testament to the robust strategy

executed by the Board of Trustees and our Investment Managers during the year. This achievement will ensure that the Scheme remains well-funded and strongly positioned to continue meeting its long-term obligations. The primary investment objective of the Scheme is to continually achieve long-term, sustainable, real returns that meet or exceed the actuarial interest rate, thereby ensuring the Scheme's ability to meet its future obligations to members.

Asset Allocation Breakdown

As at June 2025, the Scheme's investment portfolio compared to the previous financial year and the Investment Policy Statement (IPS) benchmark targets was as shown in the table below:

Asset Class	Total (KES Mn) 30/6/2024	Total (KES Mn) 30/6/2025	Total Allocation (%)	RBA Limit (%)
Cash & Demand Deposits	165	108.7	1.3	5
Fixed Deposits	59.2	35	0.4	30
Commercial Paper & Corporate Bonds	27.4	26.4	0.3	20
Government Securities	4,264.90	4,945.60	60.3	90
Quoted Equity	628.8	851.1	10.4	70
Offshore	130.5	198.7	2.4	15
Property	1,925.00	2,047.20	24.9	30
Total	7,203.90	8,212.70	100	

Commentary on Key

Asset Classes

Fixed Income: The fixed income portfolio continued to anchor the Scheme's overall performance, benefiting from the attractive yields on long-term Treasury Bonds. The investment managers actively rebalanced maturities to lock in high rates during periods of market volatility. Consequently, the fixed income segment delivered stable returns and will provide the liquidity buffer required to meet the Scheme's benefit obligations in a timely manner.

Equities: Equity investments recorded a strong recovery during the year, contributing significantly to the overall return. The Nairobi Securities Exchange (NSE) experienced a notable rebound, driven by renewed investor confidence, declining inflation and improved corporate earnings across key counters in the banking, energy and telecommunications sectors. The Scheme's strategically overweight position in select high-performing stocks further enhanced the performance supported by consistent market monitoring and tactical reallocation.

Real Estate: The Crescent Business Centre which houses the Pensions Secretariat remained an important component of the Scheme's long-term strategy, providing stable rental income and capital appreciation potential. During the year, the Board prioritized marketing this property in order to improve occupancy and cash flow stability. However, the vacant plots in Valley Road, Nairobi and

Athi River remained a concern to the Board due to their high value which has stagnated in recent years and does not realize any income.

Offshore: During this period, the Scheme increased offshore investments to mitigate local currency risk and access high-growth global markets, bringing their value to KES 199 million equivalent to 2.4% of total assets.

The Scheme's strong return above a target of 22.1% this year is therefore a direct result of maintaining an optimal balance between equities and fixed income investments while capitalizing on favorable pricing in the Treasury Bond market and strong performance of shares at the Nairobi Securities Exchange (NSE) that made a significant recovery over the past one year.

Pension Increase

The Board of Trustees remains committed to providing meaningful and sustainable benefits to members, particularly our pensioners. In line with this commitment and the Scheme's strong financial health, we were pleased to implement two major benefit enhancements at the start of the year:

1. An increase in the monthly pension for all existing retirees by 3%, effective July 2024, and
2. A significant increase in the minimum monthly pension payable to KES 10,820 from KES 6,105. This crucial adjustment provides a stronger safety net for our lowest-earning pensioners.

Interest on Member Balances

For the accumulation of member balances, the Board has approved an

interest of 10% for the year ending 30th June 2025.

Trust Deed Amendments

In the period under review, the Board of Trustees initiated an amendment of the Scheme's Trust Deed and Rules to incorporate a 3% annual pension increase going forward, in line with Treasury Circular 9/2024 of July 2024. This will go a long way in helping retirees mitigate the effects of inflation. This policy will establish a predictable benefit enhancement, which is a significant value addition for all pensioners. Although it is a welcome policy change, it does put pressure on the Scheme to remain fully funded at all times.

Therefore, the next actuarial valuation, planned for 30th June 2026, will factor this guaranteed liability into the required reserve calculations. We believe the Scheme's robust investment returns will be maintained thus enabling the Scheme to gradually absorb this increased liability.

Future Outlook and Strategy

The year ahead presents a mixed outlook characterized by potential interest rate volatility, currency fluctuations and global market uncertainties. Locally, inflationary pressures, slow credit growth and fiscal tightening may continue to influence asset pricing. Nevertheless, the Scheme remains well-positioned to navigate these challenges through prudent portfolio management and close market monitoring.

- **Strategy:** As at June 2025, the membership continued to mature, with the active membership count decreasing to 694 and the pensioner and

beneficiary population growing to 903 and expected to grow to 950 pensioners by 2026. Thus more than 50% of our members are pensioners and we expect this percentage to reach 71% in the next 5 years. To ensure a reliable cash flow to cover the increasing monthly pension payroll, we are now shifting focus to making a higher allocation to more liquid investments.

Looking ahead, the Board's strategic focus will therefore be on maintaining a diversified investment portfolio to cushion against market volatility while ensuring liquidity and consistent long-term returns.

- **Property:** The appreciation in value of the undeveloped parcels of land on Valley Road in Nairobi and Athi River has stagnated in recent years and therefore in anticipation of the growing need for liquidity, the Board continues to actively engage in initiatives to dispose of these plots. We believe that reinvesting sale proceeds in other asset types will go a long way towards raising and stabilizing our portfolio returns.

- **Privatization of KPC:** The Board is closely monitoring the ongoing privatization of our mother company and will ensure that the interests of members are protected.

While we celebrate the significant achievements of this financial year, the Board remains focused on the long-term sustainability and security of members' retirement savings. We therefore approach the new year with cautious optimism and a renewed commitment to our fiduciary duty.



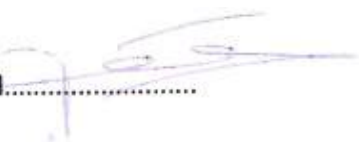
Appreciation

I would like to acknowledge the continued support of the KPC Board of Directors and the entire management of the Company. I also take this opportunity to appreciate the professional service providers who continued to offer commendable service during the year:

- The Scheme Investment Managers: Genafrika and ICEA Lion AM
- External Auditors: Ronalds LLP
- Internal Auditors: Ernst & Young (EY)
- Custodian: Standard Chartered Bank
- Financial Advisors: Zamara Kenya
- Legal Advisors: Robson Harris and Co. Advocates
- Property Manager: Ebony Estates Ltd

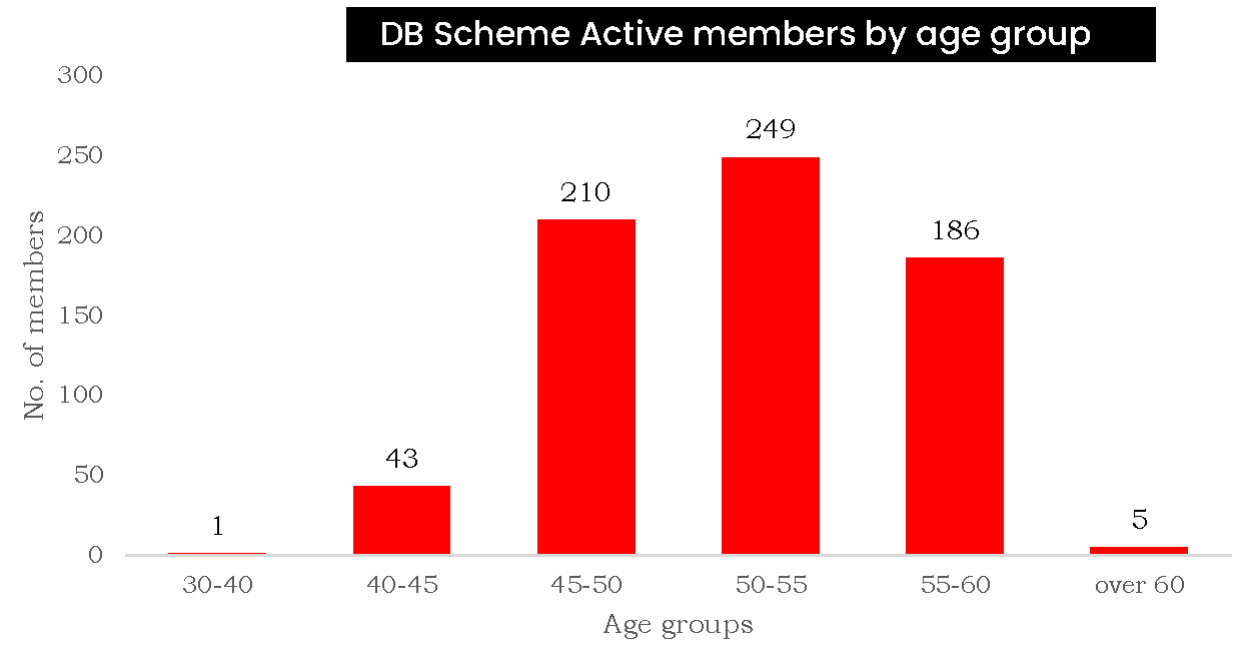
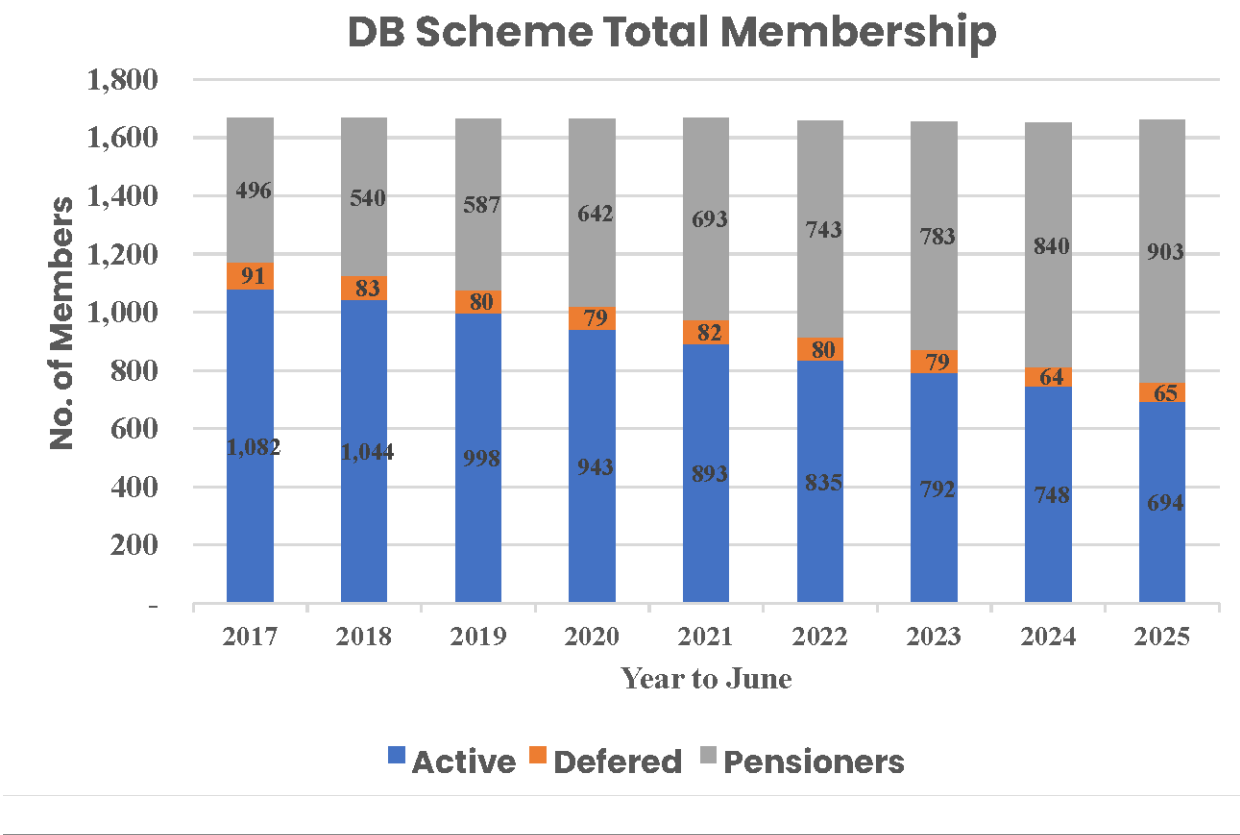
Last but not least, I wish to acknowledge the services of our staff in the Pensions Secretariat and the Kenya Pipeline Pensioners Association for always keeping the Board on its toes.

On behalf of the Board of Trustees, I thank you for your continued confidence in the Board of Trustees.

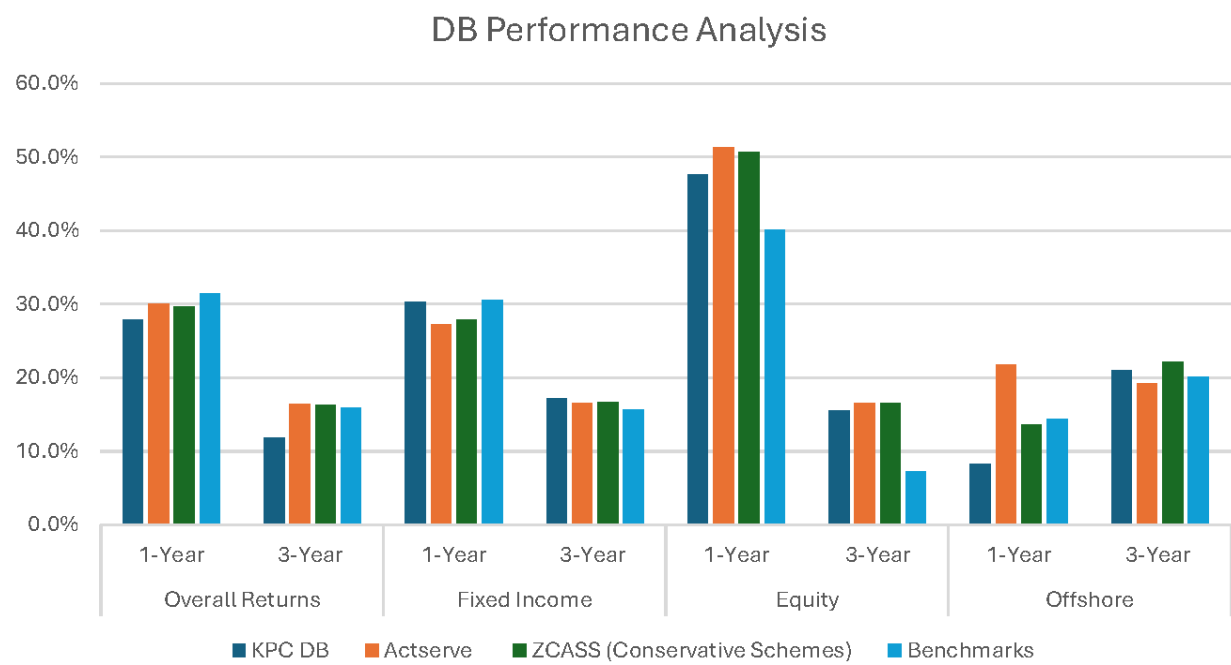
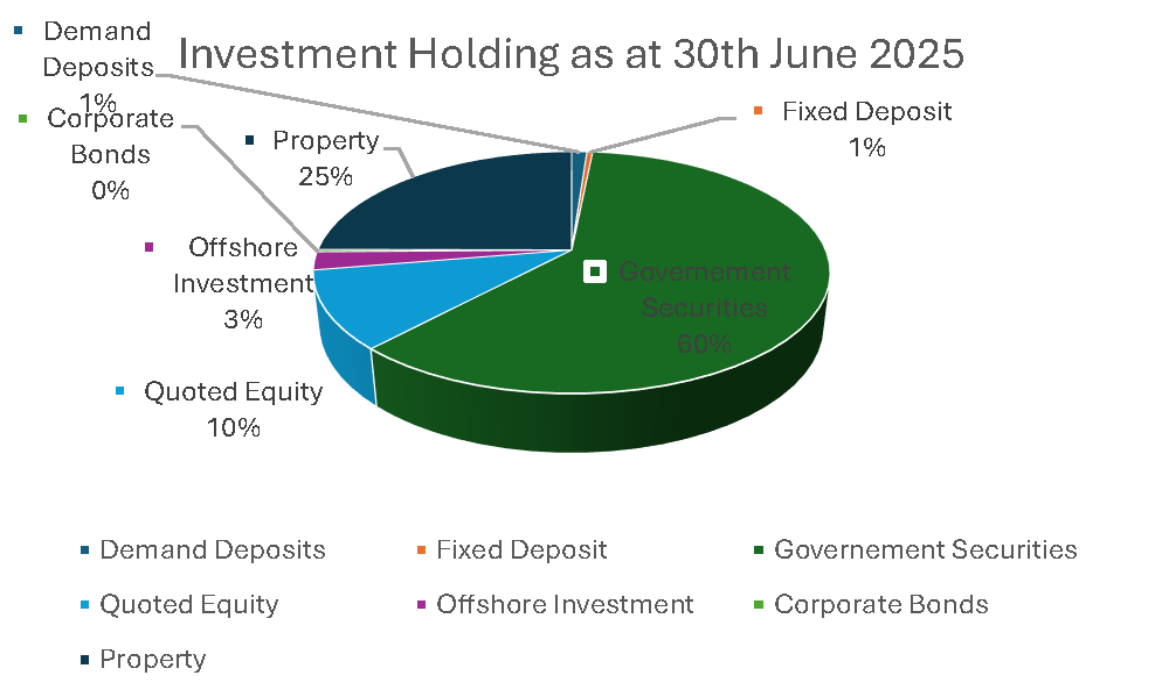
Signed.....

JOYCE OWUOR-MUTUNGI (MS)
Chairperson, Board of Trustees

Membership



Investment Holding and Performance



REPORT OF TRUSTEES

The Trustees have the pleasure of submitting their annual report together with the audited accounts for the year ended 30 June 2025, which disclose the state of affairs of the Scheme.



Establishment, Nature, and Status of The Scheme.

The Scheme was established on 1 January 1977, and is governed by the Trust Deed and Rules dated 26th August 2002, and amended severally, the latest amendment on 9th November 2021. It is a defined Benefit Scheme and provides, under its rules, retirement benefits for the staff of Kenya Pipeline Company. It is an exempted approved Scheme under the Income Tax Act. The Scheme is registered with the Retirement Benefits Authority (RBA).

The address of its registered office is P.O. Box 13633 – 00800 Nairobi, Kenya. The registration of the Scheme is RBA/SC/INT2/00632.

The Scheme ceased to admit new members in 2006, when the defined contributions scheme was formed, and all the members of the defined benefits scheme were transferred to and began to contribute to the Defined Contributions Scheme.

Objectives of the Scheme

The main purpose of the scheme is the provision of pension and other retirement benefits for members upon their retirement from the Employer's service and relief for the dependents of deceased members.

Summary of Membership

	2025	2024
Active Members		
At start of the year	748	792
Leavers		
Retired with pension	(48)	(37)
Death in service	(5)	(4)
Other leavers	(1)	(3)
At end of the year	694	748
Pensioners and Beneficiaries		
At start of the year	840	783
Ceased pension	(7)	(3)
Entrants	70	60
At end of the year	903	840
Deferred	65	64
Total Members	1,662	1,652

Contributions

The Scheme is not receiving any more contributions from members; thus contributions are nil. The Defined Benefits Scheme ceased to admit new members in 2006, when the Defined Contributions Scheme was formed, and all the members of the Defined Benefits Scheme were transferred to and began to contribute to the Defined Contributions Scheme.

Investment of Funds

The Scheme's funds are invested as provided under the Retirement Benefits Authority Act Regulations and the Scheme's Investment Policy Statement.

Under the terms of their appointment, investment managers; GenAfrica Asset

Managers Limited and ICEA Lion Asset Management Limited were responsible for the investment of the funds.

The overall responsibility for the investment and performance of the Scheme's funds lies with the trustees.

Below is the breakdown of the investments as carried out during the year

ASSET TYPE	Actual Allocation as of 30th June 2025		RBA Limits
	Ksh	%	%
Cash and Demand Deposits	93,119,836	1.14%	5%
Fixed Deposits, Time Deposits and Certificate of Deposits	35,028,630	0.43%	30%
East African Government Securities and infrastructure bonds issued by public institutions and Exchange Traded Funds	4,946,974,923	60.38%	90%
Preference shares and ordinary shares of companies quoted in a stock exchange in East Africa	851,142,168	10.39%	70%
Off-shore investments	198,748,087	2.43%	15%
Corporate bonds	25,407,120	0.31%	30%
Immovable property in Kenya, Property Funds Unit Trust Schemes and Collective Investment Schemes approved by Capital Markets Authority	2,042,400,000	24.93%	30%
Total	8,192,820,764	100%	



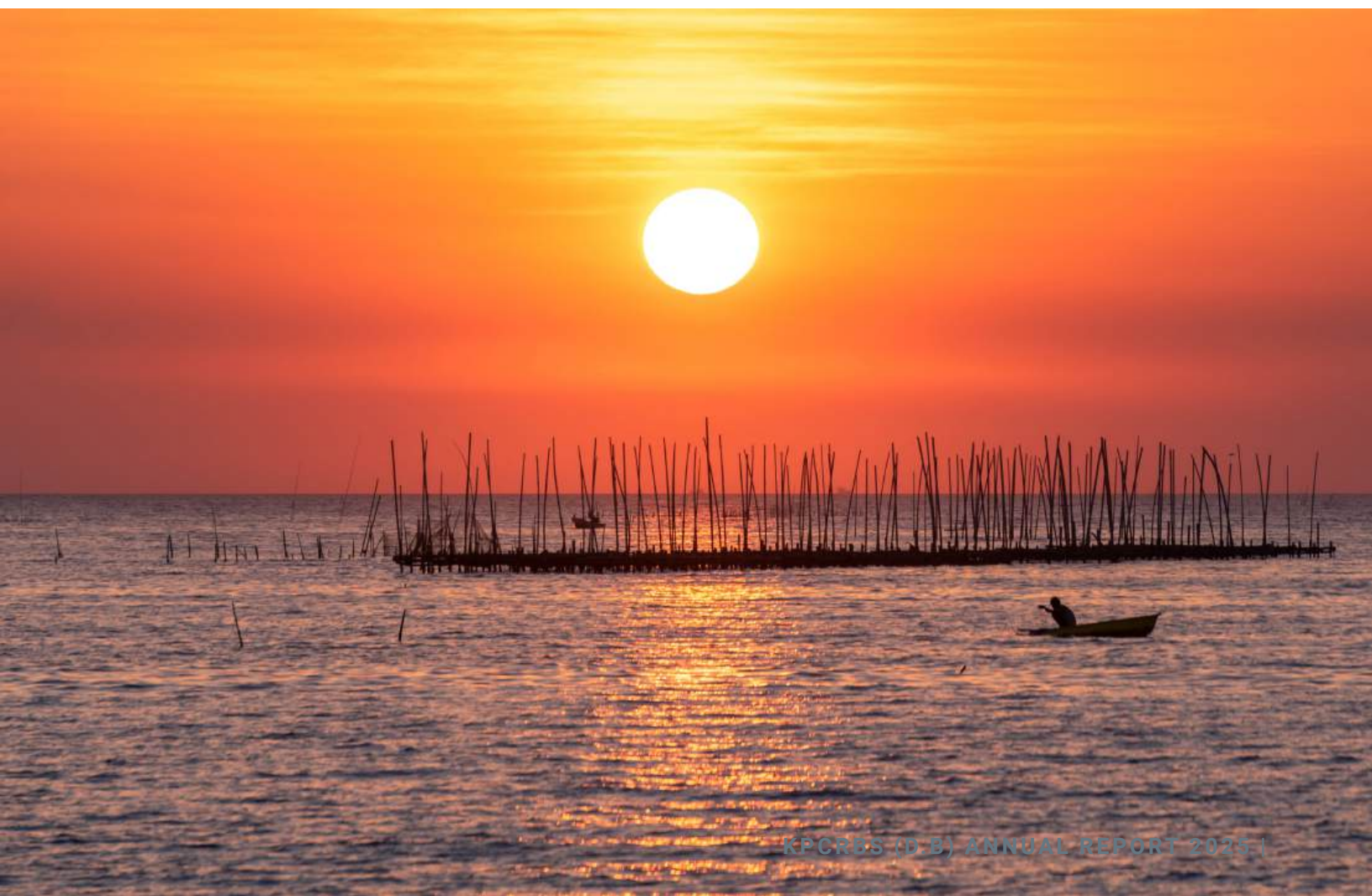
Trustees

The Trustees who served during the year are as shown on page 16

Independent Auditor

The Auditors Ronalds LLP, Certified Public Accountants (K), have indicated their willingness to continue in office in accordance to Section 29(1) of the Retirement Benefits Act, 1997.

By Order of the Trustee



Report of Trustees on Good Governance

1. Trustees in Office

The Trustees who served during the year and up to the date of this report were as follows:

Trustee Name	Age	Category	Meetings Attended	TDPK Certification Status	Highest Qualification	Membership of Other Boards
Joyce Mutungi	66	Sponsor Nominated	12/13	Yes	Bachelor's Degree	None
Fredrick Ogano	61	Member Elected	8/13	Yes	Master's Degree	None
Wilkinson Ntwiga	63	Member Elected	12/13	Yes	Bachelor's Degree	None
Henry Lenairoshi	54	Sponsor Nominated	11/13	Yes	Bachelor's Degree	None
Elizabeth Kinyua	61	Member Elected	12/13	Yes	Bachelor's Degree	None
Dinah Kirwa	56	Sponsor Nominated	11/13	Yes	Master's Degree	None
George Ouma	58	Sponsor Nominated	11/13	Yes	Master's Degree	None
Jane Nakodony	61	Sponsor Nominated	10/13	Yes	Master's Degree	None
John Chege	58	Member Elected	12/13	Yes	Master's Degree	None

2. Trustees Meetings

The Board of Trustees held thirteen meetings during the year ending 30th June 2025. The meetings were held on the dates set out hereunder:

a) Board of Trustees Meetings

Date	Type of Meeting
1 21/05/2025	
2 20/05/2025	
3 13/05/2025	Special BOT
4 20/2/2025	
5 14/01/2025	Special BOT
6 12/11/2024	
7 20/09/2024	
8 21/08/2024	
9 19/07/2024	

b) Joint Board of Trustees Meeting

Date of Meeting
1 21/03/2025
2 19/02/2025
3 30/08/2024

c) AGM Meetings

Date of Meeting – 22/11/2024

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

- a) Gender balance: Four (4) female and Five (5) male
- b) Skills mix: No of Trustees with financial skills – Two (2)
- c) Age mix: number of Trustees who are younger than 35 years – (0)
- d) Number of Trustees who are older than 35 years – Nine (9)

4. Committees of the Board

Committee	Members	No. of meetings attended	Allowances Paid (Ksh.)	External Allowances	Allowances to advisors, invitees (Kshs.)
Investment	4	8	17,500	None	None
Audit, Risk & Governance	4	3	17,500	None	None
Full Board of Trustees	9	12	- 17,500 Members - 22,500 Chairperson	None	None

5. Fiduciary Responsibility Statement

The Board of Trustees is the governing body of the Kenya Pipeline Company Retirement Benefits Scheme Registered Trustees and is responsible for the corporate governance of the Scheme.

6. Responsible Corporate Citizenship

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

7. Key Outcomes

The Board of Trustees seeks to achieve the following:

- Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- Supporting innovation and developing solutions that meet the members' and sponsor's needs;
- Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor. and
- Ensure that the nomination of Trustees to the Board is staggered to achieve continuity.

The Board of Trustees will measure the progress towards these outcomes through;
a) Quarterly reports and feedback to the sponsor. No. of reports 4

8. Annual General Meeting (AGM)

The Board of Trustees held the annual general meeting on 22/11/2024, at which 186 members attended, making up 11.19% of scheme members. The board adequately addressed the members' concerns.

9. Members' Sensitization

The board conducted the following sensitization activities	Date held	No. of members who attended	Remarks
Annual General Meeting	22/11/2024	186	11.19%
Members' Education Day	11/03/2025	233	14.02%
Retirement Planning Training	14th – 22nd October 2024	131	7.88%

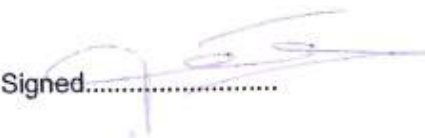
During the sensitization forums, members were educated on the following: Roles and responsibilities of Members, Complaints Portal, Changes in Retirement Act & Regulations.

10. Trustees' Remuneration Policy

During the year under review, the Trustees were paid a gross sum Ksh 3,020,000. Each trustee was remunerated Kshs 17,500 and Ksh 22,500 for the chairperson, which was approved by members at the annual general meeting held on the 22nd of November 2024. The payments complied with the scheme's Trustees remuneration policy.

11. Board of Trustees Evaluation

The board and individual Trustees did not undertake board evaluation in the year under review.

Signed.....


JOYCE MUTUNGI

Dated 25th September 2025

Statement of Trustees' Responsibilities

The Retirement Benefits Act, (Occupational Retirement Benefits Schemes) Regulations 2000 requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Scheme as at the end of each financial year and of its operating results for that year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustees accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement Benefit Act. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the annual financial statements, which

have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the manner required by the Retirement Benefits Act. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Scheme and of its operating results as of 30 June 2025. The Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Trustees to indicate that the Scheme will not be able to meet its obligations for at least the next twelve months from the date of this statement.

The statement was approved by the Trustees on 30th September 2025 and signed on its behalf by:


TRUSTEE


TRUSTEE



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME REGISTERED TRUSTEES

Opinion

We have audited the accompanying financial statements of Kenya Pipeline Company Retirement Benefits Scheme Registered Trustees as set out on page 15 to 37 which comprise the statement of changes in net assets available for benefits as at 30 June 2025, statement of net assets available for benefits, 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 state of financial affairs of the scheme as at 30 June 2025 and of the disposition of the assets and liabilities other than liabilities to pay benefits falling after the end of the year in accordance with International Financial Reporting Standards (IFRS) and requirements of the Retirement Benefits Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Management, and evaluating the overall financial statement presentation.

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 other 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 to our opinion.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 information, we are required that fact. We have nothing to report on this regard.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the scheme's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters to report during the year.

Trustees' Responsibility for the Financial Statements.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Retirement Benefits Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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.



Auditors' Responsibility Cont'd

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

Report on other legal requirements

As required by the Retirement Benefits Act we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts have been kept by the Scheme, so far as appears from our examination of those books;
- iii. The scheme's Net Assets Statement and Scheme Account are in agreement with the books of accounts.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA, CFE Evelyn Kanjagua – P/No 2944.


**For and on behalf of
Ronalds LLP
Certified Public Accountants (K)** ----- 

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KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME REGISTERED TRUSTEES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2025 Kshs	2024 Kshs
Income from dealing with members			
Retiree's benefits	5	<u>(630,784,172)</u>	<u>(555,237,285)</u>
Net (deficit) from dealings with members		<u>(630,784,172)</u>	<u>(555,237,285)</u>
Less: Administrative expenses	6	<u>(53,574,138)</u>	<u>(56,271,843)</u>
		<u>(684,358,310)</u>	<u>(611,509,129)</u>
Returns on investments			
Investment income	7(a)	761,384,287	739,897,687
Realised gain/(loss) on sale of investment	7(b)	216,994,361	(130,811,164)
Changes in market value of investments	7(c)	624,051,961	98,649,712
Less: Investment management expenses	8	<u>(24,567,414)</u>	<u>(26,557,948)</u>
Net returns on investments		<u>1,577,863,195</u>	<u>681,178,287</u>
Other income	9	37,273,682	3,806,264
Increase in net assets for the year before tax		930,778,566	73,475,422
Net assets of the scheme at the start of the year		7,305,432,285	7,231,956,863
Net assets available for benefits at the end of the year		<u>8,236,210,852</u>	<u>7,305,432,285</u>

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME REGISTERED TRUSTEES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

		2025 Kshs	2024 Kshs
Assets:			
Investment properties	10	2,042,400,000	2,047,200,000
Other investments	11	6,150,420,765	5,263,728,830
Equipment	12	7,419,082	8,373,884
Intangible assets	13	1,946,016	-
		8,202,185,864	7,319,302,714
Current assets			
Other receivables	14	67,201,570	34,132,043
Cash and bank balances	15	12,488,737	5,157,945
		79,690,307	39,289,988
Total assets		8,281,876,171	7,358,592,702
Less: Liabilities			
Other payables	16	45,665,319	53,160,417
		45,665,319	53,160,417
Net assets available for benefits		8,236,210,852	7,305,432,285
Represented By:			
Member balances		7,849,169,761	7,316,963,180
Revaluation reserve	17 (c)	387,041,091	(11,530,895)
		8,236,210,852	7,305,432,285

The financial statements were approved and authorised for issue by the Board of Trustees on 30th September.....2025 and were signed on its behalf by:



 TRUSTEE



 TRUSTEE

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME REGISTERED TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF CASHFLOW

	Notes	2025 Kshs	2024 Kshs
Cash flows from operating activities			
Benefits paid		(632,872,389)	(556,328,404)
Investment expenses paid		(20,127,946)	(19,982,946)
Rent deposits		6,529,705	515,320
RBA levy paid		(5,000,000)	(5,000,000)
Administrative and service charge expenses paid		(79,449,035)	(43,851,509)
Net cash used in operating activities		(730,919,665)	(624,647,539)
Investing activities			
Investment income received		959,081,533	792,182,546
Purchase of property and equipment		(9,564,827)	(2,797,909)
Purchase of intangible asset		(1,946,016)	-
Purchase of treasury bills		(43,945,470)	(427,819,761)
Purchase of treasury bonds		(2,469,906,067)	(1,804,968,732)
Purchase of quoted equities		(14,859,773)	(260,694,004)
Purchase of offshore investments		(54,693,527)	(370,210)
Proceeds from sale of treasury bills		143,912,803	359,177,620
Proceeds from sale of treasury bonds		2,131,270,827	1,398,118,639
Proceeds from sale of corporate bonds		1,704,699	1,515,288
Proceeds from sale of equities		13,926,588	464,882,411
Proceeds from sale of offshore investments		949,259	-
Net cash generated from investing activities		655,930,029	519,225,888
Net (decrease)/ increase in cash and cash equivalents		(74,989,636)	(105,421,651)
Cash and cash equivalent at beginning of period		215,626,840	321,048,491
Cash and cash equivalent at end of period	15	140,637,204	215,626,840
REPRESENTED BY:			
Cash at Bank		12,453,714	5,155,871
Cash in hand		35,023	2,074
Fixed and call deposits		128,148,467	210,468,895
		140,637,204	215,626,840

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1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and comply with the International Financial Reporting Standards (IFRSs) and the Retirement Benefit Acts, 1997 as amended, and the guidelines set out in the Accounting Guidelines - Financial Reports of Retirement Benefit Schemes and are prepared in Kenya Shillings.

Going concern

The financial performance of the Scheme is set out in the Trustees' report and in the statement of comprehensive income. The financial position of the Scheme is set out in the statement of financial position.

Based on the financial performance and position of the Scheme and its risk management policies, the Trustees are of the opinion that the Scheme is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and as the requirements of the Kenya Retirement Benefits Act. The principal accounting policies adopted are as set below:

c) Changes in accounting policies and disclosures on new standards

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following:

i. New and amended standards adopted by the Scheme

The following standards and amendments have been applied by the Scheme for the first time for the financial year beginning 1 July 2022:

Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFR S16 Interest Rate Benchmark reform – Phase 2

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Scheme.

The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs), instead of derecognizing or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis.

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Accounting policies(continued)

c) Changes in accounting policy and disclosures(continued)

Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFR S16 Interest Rate Benchmark reform – Phase 2(continued)

The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require entities to provide additional information about new risks arising from the reform and how it manages the transition to ARR. The Scheme is not affected by this amendment.

ii. Standards, interpretations and amendments issued and effective.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 July 2023:

Title	Key requirements	Effective date
Amendments to IAS 1 - Non-current liabilities with covenants	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non- current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024 (Published September 2022)
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024 (Published May 2023)

iii. Adoption of new and revised International Financial Reporting Standards

The trustees anticipate that there will be no material impact on the financial statements of the Scheme when these standards, interpretations and amendments are adopted and put into effect

The Scheme did not early adopt any new or amended standards in 2024

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Accounting policies(continued)

d) 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.

e) Key sources of estimation uncertainty

In the application of the accounting policies, the trustees are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimated and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are on an ongoing basis. Revisions to estimates are recognized prospectively.

The trustees have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year;

i) **Impairment of receivables and accrued income** - The Scheme reviews The portfolio of receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.

ii) **Fair value measurement and valuation process** - In estimating the fair value of an asset or a liability, the trustees use market-observable data to the extent it is available. Where level 1 inputs are unavailable, the trustees make use of financial models or engages third party qualified to perform the valuation and provide inputs to the model.

Contributions are accounted for in the period in which they fall due. Contributions are generally accounted for on an accrual basis in the period to which they relate.

f) Investments income

Investment income includes interest and dividends receivable and net exchange (gains/(losses) in the year.

Interest income is recognized for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Dividend income from investments is recognized when the Scheme's rights to receive payment as a shareholder have been established.

g) Benefits payable

Benefits to members are accounted for in the period in which they fall due.

h) Investment Properties (IAS 40: Investment Property)

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

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Accounting policies(continued)

i) Taxation

The fund is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Kshs 240,000 per annum is subjected to income tax.

j) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Kenya Shillings at rates of exchange ruling at the end of each reporting period. Transactions during the year in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets.

k) Investment property

Investment property is long-term investments in land and buildings that are not occupied substantially for own use. Investment property is initially recognized at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in statement of comprehensive income.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognized as an expense in the year which it is incurred.

Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating surplus.

l) Financial Instruments

Classification

All recognized financial assets within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

Specifically :

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows ,and that have contractual cash flows that are solely payments of principal amount outstanding ,are measured subsequently at amortized cost.

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments ,and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ,are measured at fair value through other comprehensive income (FVTOCI).

Other debt instruments and equity investments are measured subsequently at fair value through profit and loss (FVTPL) instruments that are held within a business model whose objective is both to collect the contractual cash.

Despite the foregoing ,the Scheme may make the following irrevocable election/designation at initial recognition of a financial asset.

The scheme may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and

The scheme may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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Accounting policies(continued)

Impairment of Financial assets

In relation to the impairment of financial assets ,IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets .In other words, it is no longer necessary for a credit event to have occurred before losses are recognized.

In particular ,IFRS 9 requires the scheme to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or the financial instrument is a purchased or originated credit-impaired financial asset.

However ,if the credit risk on a financial instrument has not yet increased significantly since initial recognition (except for a purchased or originated credit-impaired financial instrument at an amount equal to 12 months ECL.IFRS 9 also requires a simplified approach for measuring the loss allowance at an equal amount to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.However ,financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group ,are measured in accordance with specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination ,(ii) held for trading or (iii) it is designated at FVTPL.

A financial liability is classified as held for trading if:

- i. It has been acquired principally for the purpose of repurchasing it in the near term.
- ii. On its recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short -term profit-taking ;or it is a derivative ,except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if :

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii The financial liability forms part of a group of financial assets or financial liabilities or both ,which is managed and its performance is evaluated on a fair value basis ,in accordance with the Group's documented risk management or investment strategy ,and information about the grouping is provided internally on that basis; or

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Accounting policies(continued)

- iii. It forms part of a contract containing one or more embedded derivatives ,and IFRS 9 permits the entire combined contract to be designated at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy).The net gain or loss recognized in profit or loss incorporated any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Short term deposits

Short terms deposits are stated at amortized cost.

Government Securities

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Government of Kenya .Treasury bills are stated at amortized cost while treasury bonds are classified as fair value through profit or loss stated at fair value.

Corporate Bonds

Corporate bonds are classified as fair value through profit or loss and are stated at market value as at 30th June 2025.

Equity shares

Quoted investments are classified as fair value through profit and loss and are stated at market value as at 30 June 2025.

Unquoted equity investments

Unquoted equity investments are classified as fair value through profit or loss and are stated at market value as at 30 June 2025.

Impairment of assets

The carrying amounts of the Scheme's assets are reviewed annually at the end of each reporting period to determine if there is any indication of impairment .If such a condition is identified, the asset's net recoverable amount is estimated. Where the asset's carrying amount exceeds it's net recoverable amount, it's written down immediately to the recoverable amount and the resulting impairment loss is treated as an expense in the statement of changes in net assets available for benefits.

Fair Value

For financial instruments traded in an organized financial market, fair value is determined by reference to quoted market prices.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE SCHEME'S ACCOUNTING POLICIES

In the process of applying the Scheme's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. These are dealt with below;

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2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE SCHEME'S ACCOUNTING POLICIES (continued)

Impairments losses on financial assets

At the end of each reporting period, the Scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impaired loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the statement of changes in net assets available for benefits whenever the carrying amount of the asset exceeds its recoverable amount.

3 FINANCIAL RISK MANAGEMENT

The scheme generates revenues for the members by investing in various income generating activities which involve investing in the equity shares quoted on the Nairobi Securities Exchange and Investing in Government securities. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers and the Trustees under policies approved by the Trustees. The Investment manager review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The Trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

Market Risk

(i) Foreign exchange risk

The scheme invests internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from investment in offshore investments.

(ii) Price risk

The scheme is exposed to equity securities price risk because of investments in quoted shares and treasury bonds classified at fair value through the statement of changes in net assets. To manage its price risk arising from investments in equity and debt securities, the Schemes diversifies its portfolio.

Diversification of the portfolio is done in accordance with statement of investment policy which is reviewed after every three years. All quoted shares and government securities held by the Scheme are traded on the Nairobi Securities Exchange (NSE).

(iii) Cash flow and fair value interest rate risk

The Scheme does not have interest rate risks as the interest bearing assets which are investments in treasury bonds, corporate bonds, treasury bills, and fixed deposits are at fixed interest rates.

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FINANCIAL RISK MANAGEMENT CONT'D

Liquidity risk management

The Scheme is required to make periodic payments in respect of pension payments when members retire from the Scheme and is therefore exposed to risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Schemes liquidity on a regular basis. However, all financial assets can be disposed of at any time before maturity should the need arise.

Credit risk

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks and receivables. As part of the credit risk management system, the investment manager and the Trustees monitor and review information on significant investments.

The Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a lower credit risk and no default record. For the other investments , Trustees ensure that they invest solely in large companies with good reputation.

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

At 30 June 2025	Fully Performing Kshs	Past due Kshs	Impaired Kshs	Total Kshs
Treasury bills	39,731,190	-	-	-
Rent receivable	55,865,917	-	21,147,856	34,718,061
Due from KPC DC Scheme	4,570,598	-	-	-
Call and fixed deposits	147,750,673	-	19,602,206	128,148,467
Cash and Bank balance	12,488,737	-	-	-
	260,407,115	-	40,750,062	162,866,528
At 30 June 2024	Kshs	Kshs	Kshs	Kshs
Treasury bills	134,672,993	-	-	-
Rent receivable	61,631,047	-	61,087,664	543,383
Due from KPC DC Scheme	7,556,763	-	-	-
Call and fixed deposits	230,071,101	-	19,602,206	210,468,895
Cash and Bank balance	5,157,945	-	-	-
	439,089,849	-	80,689,870	211,012,278

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	2025	2024
	Kshs	Kshs
5 Benefits expense		
Retiree's benefits	630,784,172	555,237,285
	630,784,172	555,237,285
6 Administrative expenses		
<u>Governance expenses</u>		
Board evaluation	230,376	-
Meeting and Trustees annual retreat	409,453	3,258,935
Training expenses	4,728,236	4,428,782
Travel and subsistence	2,085,877	2,700,520
Trustee election	10,697	92,985
Trustee indemnity insurance	749,525	622,875
Trustees allowances	3,020,000	2,070,000
E-Board software subscription	986,149	1,754,253
Trustees expenses	264,218	228,802
	12,484,529	15,157,152
<u>Staff expenses</u>		
Insurance	404,562	1,284,356
Leave accrual	(586,063)	502,328
Staff medical expenses	1,364,790	463,246
Staff salaries	14,529,508	14,541,315
Professional subscriptions	94,566	90,564
Team building	-	451,692
Recruitment expenses	868,812	-
Training expenses-staff	1,732,611	2,275,670
	18,408,787	19,609,171
<u>General administrative costs</u>		
RBA levy	5,000,000	5,000,000
Depreciation of equipment (Note 12)	1,551,627	1,583,332
Amortization of intangible assets (Note 13)	-	1,954,236
Professional/Scheme advisors fees	1,491,296	2,785,115
Strategic plan and investment policy review	762,565	-
Software maintenance (Microsoft NAV)	1,833,679	747,046
External audit	1,200,020	1,250,020
Internal audit	305,827	-
Office expenses and maintenance	810,480	685,568
Internet	150,463	466,042
Insurance	5,697	35,784
Legal fees	3,166,419	2,468,430

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	2025	2024
	Kshs	Kshs
Adminstrative expenses (continued)		
Tendering expenses	7,387	60,782
Travelling and subsistence	774,046	578,743
Computers and website maintenance	173,304	116,986
AGM expenses	2,017,313	1,270,021
Printing and stationery	530,954	564,851
Scheme membership subscriptions	45,000	218,000
Bank charges	244,580	208,621
Advertising	-	228,000
Member welfare, education and post retirement medical scheme	547,087	66,325
Rent secretariat office	1,280,078	1,045,248
Telephone and postage expenses	-	5,331
Tax consultancy	783,000	167,040
	22,680,821	21,505,520
Total administrative costs	53,574,138	56,271,843
7(a) Realised investment income		
Dividend income	63,777,723	57,414,215
Call and fixed deposits	19,000,051	30,820,707
Treasury bills	10,112,727	27,234,083
Treasury bonds	607,489,377	544,254,540
Corporate bonds	3,258,218	3,520,449
Exchange (loss)	(413,133)	-
Rent income	58,159,323	76,653,693
	761,384,287	739,897,687
The rent income is generated from Crescent Business Centre located in Parklands LR No.Nairobi/Block 34/200. The tenant occupancy rate as at the year end was at 86.76%.		
7(b) Realised gain/(loss) on sale of investment		
Loss on disposal of corporate bonds	-	(188,891)
Gain / (loss) on disposal of equity investments	3,515,492	(52,062,117)
Gain / (loss) on disposal of government securities	213,478,868	(78,560,156)
	216,994,361	(130,811,164)
7(c) Fair value adjustment		
Revaluation (loss)/ Gain on Investment Property	(14,364,827)	121,504,700
Fair value change on Treasury bonds	398,571,986	(11,530,895)
Fair value change on Quoted equity	223,748,131	(38,068,621)
Fair value change on Offshore investments	16,096,671	26,744,528
	624,051,961	98,649,712

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	2025	2024
	Kshs	Kshs
8 Investment management expenses		
Management fees - investment Managers	14,144,943	12,106,027
Custody fees	7,543,328	8,476,935
Property management fees	2,879,144	5,974,986
	24,567,414	26,557,948
9 Other income		
Reversal of rent receivable	36,761,158	3,339,357
Interest from staff loans	512,524	466,907
	37,273,682	3,806,264
10 Investment property		
At 1 July	2,047,200,000	1,925,000,000
Addition	9,564,827	695,300
Valuation (loss)/ gain	(14,364,827)	121,504,700
	2,042,400,000	2,047,200,000
Comprising of:		
Leasehold land and building	2,042,400,000	2,047,200,000
	2,042,400,000	2,047,200,000

The fair value of the Scheme's investment properties as at 30 June 2025 has been arrived at on the basis of valuation carried out on 29th July 2024 for Valley Road & Crescent Business Centre and, on 11th August 2025 for Athi River by Pentam Realtors Limited and Icon Valuers Limited registered and independent valuers not connected with the Scheme. Pentam Realtors Limited and Icon Valuers Limited are members of the Institute of Surveyors of Kenya and they have appropriate qualifications, relevant and recent experience in the fair value measurement of property in various locations in Kenya.

The fair value of investment properties was determined by reference to market evidence of recent transactions for similar properties. The valuations were based on both discounted cash flows method and comparable sales approach. There has been no change on the valuation technique during the year.

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10 Investment property (continued)

Details of the Scheme's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
30-Jun-25				
Crescent Business Center	-	-	1,215,000,000	1,215,000,000
Valley road land	-	-	450,000,000	450,000,000
Athi river	-	-	377,400,000	377,400,000
	-	-	2,042,400,000	2,042,400,000

Property Valuation techniques Significant observable inputs

Crescent Building	Contractor's method/cost approach, investment method/income approach & comparatives sales method/market approach.	The contractor's method estimated how much it would cost to buy a similar plot and construct a similar building using current materials, technology and labor costs after allowing for physical wear and tear (depreciation) of the building components.
		The investment method considered the incomes or net rent cashflows emanating or achievable from the property. The market approach analyzed sales of other similar or comparable office spaces that have recently sold in the general neighborhood of subject property.

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NOTES TO THE FINANCIAL STATEMENTS

10 Investment property (continued)

Property	Valuation techniques	Significant observable inputs
Valley Road & Athi River land	Comparable sales approach	Comparable sales approach is based on the analysis of comparable property sale in the neighborhood assuming that a typical buyer will not pay more for the subject property than they would have paid for a similar property in the same area. Adjustments were made to reflect the status of the property vis-a vis comparables.

The Scheme's properties are not charged to any facility.

The income generated from the property is as follows:

	2025 Kshs	2024 Kshs
Rental income from investment properties (Note 7a)	58,159,323	76,653,693
Direct operating expense arising from rented out investment	(2,879,144)	(5,974,986)
	<u>55,280,179</u>	<u>70,678,707</u>

11 Other investments

Treasury bonds	4,907,243,733	4,130,160,316
Treasury bills	39,731,190	134,672,993
Corporate bonds	25,407,120	27,172,023
Quoted equity investments	851,142,168	627,645,673
Offshore investments	198,748,087	133,608,930
Call and fixed deposits	128,148,467	210,468,895
	<u>6,150,420,765</u>	<u>5,263,728,830</u>

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NOTES TO THE FINANCIAL STATEMENTS

12 Equipment

	Computers	Equipment & Fixtures	Total
COST	Kshs	Kshs	Kshs
At 1 July 2023	10,929,751	19,481,819	30,411,570
Additions	2,021,683	80,926	2,102,609
At 30 June 2024	12,951,434	19,562,745	32,514,179
At 1 July 2024	12,951,434	19,562,745	32,514,179
Additions	596,825	-	596,825
At 30 June 2025	13,548,259	19,562,745	33,111,004
DEPRECIATION			
At 1 July 2023	10,552,671	12,004,292	22,556,963
Charge for the year	641,616	941,716	1,583,332
At 30 June 2024	11,194,287	12,946,008	24,140,295
At 1 July 2024	11,194,287	12,946,008	24,140,295
Charge for the year	724,114	827,513	1,551,627
At 30 June 2025	11,918,401	13,773,521	25,691,922
NET BOOK VALUE			
At 30 June 2024	1,757,147	6,616,737	8,373,884
At 30 June 2025	1,629,858	5,789,224	7,419,082

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	2025	2024
	Kshs	Kshs
13 Intangible assets		
Cost		
At 1 July	7,809,705	7,809,705
Additions	1,946,016	-
At 30 June	9,755,721	7,809,705
Amortization		
At 1 July	7,809,705	5,855,469
Charge for the year	-	1,954,236
At 30 June	7,809,705	7,809,705
Net book value		
At 30 June	1,946,016	-
14 Other receivables		
Rent receivable	55,865,917	61,631,047
Provision for bad debts	(21,147,856)	(57,748,307)
Net rent receivable	34,718,061	3,882,740
Due from KPC Retirement Benefits Scheme 2006 (D.C) Registered Trustees	4,570,598	7,556,763
Other receivables	25,849,614	21,863,267
Prepaid insurance	1,810,751	781,225
Medical fund	252,547	48,048
	67,201,570	34,132,043
15 Cash & cash equivalents		
Equity Bank	6,811,734	2,573,759
Petty cash	35,023	2,074
Standard Chartered - 1860	300,513	555,210
Standard Chartered - 9244	60,710	60,710
Standard Chartered - 9098AW	1,856,847	429,480
Standard Chartered - 9098AW USD	1	-
Equity Bank service charge account	3,423,909	1,536,712
	12,488,737	5,157,945
For the purposes of cashflow, cash and cash equivalents include:		
Cash at Bank	12,453,714	5,155,871
Cash in hand	35,023	2,074
Fixed and call deposits	128,148,467	210,468,895
	140,637,204	215,626,840

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME REGISTERED TRUSTEES
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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
16 Other payables		
Rent deposit held	24,893,041	18,878,656
Accrued expenses	2,769,536	17,993,350
Retirement Benefits Authority (RBA) levy	5,000,000	5,000,000
Management fees	5,128,797	4,571,467
Gratuity	6,303,741	4,493,856
Custody fees	1,133,996	731,018
Financial advisory	-	469,800
Leave days	436,207	1,022,270
	45,665,319	53,160,417
17 Investments		
a) Quoted Equity Investments		
<i>At fair value through profit or loss</i>		
At the beginning of the year	627,645,673	1,107,939,150
Purchase during the year	14,859,773	85,893,368
Disposals during the year	(13,926,588)	(528,118,224)
Change in market value	223,572,217	(38,068,621)
At the end of the year	852,151,075	627,645,673
b) Treasury bonds - At amortized cost		
The movement of the treasury bills is as follows:		
At the beginning of the year	4,130,160,316	3,684,093,344
Purchases during the year	2,469,906,067	1,779,868,984
Disposals	(2,038,668,980)	(1,322,271,117)
Change in fair value	345,846,330	(11,530,895)
At the end of the year	4,907,243,733	4,130,160,316
The maturity dates of the treasury bonds are as follows:		
Maturing within one year	46,030,621	72,969,725
Maturing in the second year	125,024,118	77,433,715
Maturing in 3-5 years	670,072,320	976,481,508
Maturing after 5 years	4,066,116,674	3,003,275,369
	4,907,243,733	4,130,160,316
The weighted average interest rate as at 30 June 2025 was 14.3% (2024: 14.51 %).		
c) Bond Revaluation reserve		
Unrealised losses on debt instruments at the start of the year	(11,530,895)	-
Unrealised gain / (loss) on debt instruments	398,571,986	(11,530,895)
	387,041,091	(11,530,895)

The Retirement Benefits (Occupational Retirement Benefits Scheme)(Amendment) Regulations, 2023 which were gazetted by the Cabinet Secretary for the National Treasury and Economic Planning on 21st December 2023 provide that unrealised gains and losses arising from valuation of financial assets using the fair value approach shall not form, part of the distributable income hence the creation of the valuation reserve fund. The Retirement Benefits Authority issued Notice to the Retirement Benefits Industry on Amendments to the Retirement Benefits Regulations where it clarified that net returns declared and credited to members accounts shall exclude both gains and losses arising from changes in the value of debt instruments (bonds) held by the Scheme at the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
17 Investments (continued)		
d) Treasury bills- At amortised cost		
The movement of treasury bills is as follows:		
At the beginning of the year	134,672,993	54,619,150
Purchases during the year	43,945,470	427,819,761
Maturity	(143,912,802)	(359,177,620)
Interest receivable	5,025,529	11,411,702
At the end of the year	39,731,190	134,672,993
The maturity dates of the treasury bills are as follows:		
maturing within 3 months	39,731,190	49,185,055
maturing within 4-12 months	-	85,487,938
	39,731,190	134,672,993
e) Investment properties (continued)		
Corporate bonds <i>-At fair value through profit or loss</i>		
At the beginning of the year	27,172,023	28,871,629
Purchases during the year	223,971	-
Disposals during the year	(1,988,874)	(1,699,606)
At the end of the year	25,407,120	27,172,023
f) Offshore Investments- At fair value through profit/loss		
Franklin U.S Opportunities Fund Class	89,349,152	80,686,661
Blk Developed W Index	57,727,447	49,811,651
ICEA Income Fund UG	31,295	3,110,618
MSCI China A	51,640,193	-
	198,748,087	133,608,930
At the beginning of the year	133,608,930	106,494,192
Purchases during the year	54,693,527	3,480,829
Sales during the year	(949,259)	-
Change in market value	11,394,890	23,633,909
At the end of the year	198,748,087	133,608,930

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	2025	2024
17 Investments (continued)	Kshs	Kshs
g) Call and fixed deposits- <i>At amortised cost</i>		
NCBA Bank Kenya Limited	15,013,905	44,410,781
Co-operative Bank of Kenya Limited	15,012,329	64,274,301
National Bank of Kenya	-	-
Equity Bank Kenya Limited	-	25,297,534
Kenya Commercial Bank	90,104,794	-
Stanbic Bank Kenya Limited	7,000,000	-
National Bank of Kenya - USD	-	49,601,683
NCBA Bank Kenya Limited - USD	-	-
Stanbic Bank Kenya Limited- USD	1,017,439	32,102,246
	128,148,467	215,686,546

The weighted average interest rate as at 30 June 2025 was 7.14% (2024: 17.48%).

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Investments (Continued)

h) Concentrations of Equity Investments

Description	Shares as at 7/1/2024		Additions		Disposals		As at 6/30/2025	
	Shares	Mkt Value	Shares	Cost	Shares	Proceeds	Shares	Market Value
		Kshs.		Kshs.		Kshs.		Kshs.
ARM Cement Ltd Ord 5.00	230,285	-	-	-	-	-	230,285	-
British American Tobacco Kenya Ltd Ord 10.00	100,000	35,375,000	-	-	-	-	100,000	36,100,000
Barclays Bank Ltd Ord 0.50	4,479,012	62,706,168	-	-	-	-	4,479,012	85,997,030
Centum Investment Co Ltd Ord 0.50	14,315	124,827	-	-	-	-	14,315	167,486
CFC Stanbic Holdings Ltd ord.5.00	331,900	37,919,575	-	-	-	-	331,900	54,597,550
East African Breweries Ltd Ord 2.00	358,330	52,584,928	-	-	-	-	358,330	66,111,885
Equity Bank Ltd Ord 0.50	2,662,590	112,494,428	-	658,171	138,300	6,501,346	2,524,290	123,437,781
Kenya Commercial Bank Ltd Ord 1.00	2,915,353	91,104,781	200,000	5,528,842	230,400	10,173,801	2,884,953	134,438,810
Longhorn Kenya Ltd Ord 1.00	10,755	-	-	-	-	-	10,755	1,184,820
MTN Uganda	5,805,450	34,484,373	-	-	-	-	5,805,450	54,482,246
NIC Bank Ltd Ord 5.00	102,129	4,197,502	-	-	-	-	102,129	6,076,676
Nation Media Group Ord. 2.50	0	-	-	-	-	-	0	-
Safaricom Ltd Ord 0.05	10,331,800	178,740,140	300,000	4,521,854	-	-	10,631,800	265,795,000
Stanbic Bank of Uganda	6,095,000	7,862,550	-	-	-	-	6,095,000	10,403,110
Standard Chartered Bank Ltd Ord 5.00	23,321	4,524,274	-	-	-	-	23,321	6,990,470
Umeme Ltd Ord 0.50	66,695	1,030,438	-	-	-	-	66,695	1,190,506
Umeme Uganda	280,000	4,496,800	-	-	-	-	280,000	4,477,196
TOTAL	33,806,935	627,645,783	500,000	9,392,526	368,700	16,675,146	33,938,235	851,450,565

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NOTES TO THE FINANCIAL STATEMENTS

18 REGISTRATION

The Scheme is registered under the Retirement Benefits Act.

19 CURRENCY

The financial statements are presented in Kenya Shillings.

20 CONTINGENCIES

There were no contingent liabilities of the scheme as at 30 June 2025.

21 EVENTS AFTER REPORTING PERIOD

The Trustees are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt within the financial statements, which would significantly affect the financial position of the Scheme and results of its operation as laid out in these financial statements.



Retirement

Kenya Pipeline Company Retirement Benefits Scheme

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