



KENYA PIPELINE COMPANY RETIREMENT BENEFITS (D.C) 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

Martin Wanyama-Chairperson	Re-elected on 15th September 2022
John Chege	Re-elected on 14th September 2023
Fredrick Ogano	Re-elected on 14th September 2023
Nancy Rono	Re-appointed on 4th February 2024
Tom Ong'onge	Elected on 14th September 2023
Joe Sang	Appointed on 4th February 2024
Thomas Ngira	Re-appointed on 4th February 2024
Anthony Ndegwa	Appointed on 4th February 2024

REGISTERED OFFICE

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

INVESTMENT MANAGERS

Sanlam Investment (East Africa) Limited
Liberty House, Nyerere Road
P.O. Box 30550-00100
Nairobi, Kenya.

Coop Trust Investment Services Limited
Co-operative House, Haile Selassie
Avenue
P.O. Box 48231-00100
Nairobi, Kenya.

FINANCIAL ADVISORS

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

ADMINISTRATOR

Sammy Njeru (**Contract ended on 4th July 2025**)

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

Professor Albert Mumma & Company
Advocates
5th Avenue Suites, 5th Ngong Avenue
P.O. Box 10481-00100
Nairobi, Kenya.

INTERNAL AUDITORS

Ernst & Young LLP
Certified Public Accountants
Kenya-Re Towers
Upper Hill, Off Ragati Road
P.O. Box 44286 – 00100
Nairobi GPO, 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 Report for the Defined Contribution Scheme for the Year Ended 30th June 2025



It is with immense pride and gratitude that I present the annual report on the operations and performance of the Defined Contribution (DC) Scheme for the financial year ended 30th June 2025.

The past year was characterized by strong performance across key asset classes, driven by the high yields from Treasury Bonds and a resurgent equity market. The Scheme remained

committed to its primary goal: safeguarding and growing members' retirement savings through prudent governance and strategic investment management. The significant increase in total assets from KES. 9.8 billion to KES. 12.4 billion is a testament to the robust strategies executed by the team.

Investment Performance Review

The Trustees continued to maintain close oversight of the appointed Investment Managers throughout the financial year to ensure that all investment decisions aligned with the Scheme's Investment Policy Statement (IPS) and long-term objectives.

The Scheme delivered strong overall performance, with a marked-to-market return of 28.6% and an underlying hold-to-maturity return of

18.6%. This robust performance reflects both the favourable macroeconomic environment and the disciplined execution of our investment strategy across asset classes.

The table below summarizes the Scheme's investment portfolio composition as at June 30, 2025, compared to the IPS benchmark targets:

ASSET CLASSES	Current Exposure (KES)	Current Exposure	Recommended Strategic Allocation	Allowable Ranges		RBA Limit
				Min (%)	Max (%)	
Cash	787,292.00	0.01%				
Short Term Demand Deposits	187,557,578	1.55%	5.00%	0.00%	10.00%	5.00%
Long Term Fixed Deposits	49,033,869.00	0.40%				
Treasury Bills	52,043,798.63	0.43%	60.00%	50.00%	80.00%	30.00%
Government Bonds	7,865,067,663.37	64.80%				90%
CP & Corporate Bonds	73,702,243.00	0.61%	60.00%	55.00%	75.00%	20%
Quoted Equity	1,780,397,557.00	14.67%	15.00%	10.00%	25.00%	70%
Unquoted Equity	147,198,580.00	1.21%	5.00%	0.00%	10.00%	5%
Property	1,247,880,000	10.28%	15.00%	5.00%	20.00%	30%
Offshore	541,726,603.00	4.46%	2.00%	0.00%	5.00%	15%
Private Equity	30,911,681.00	0.25%	1.50%	0.00%	5.00%	10%
Reits	160,340,161.00	1.32%				30%
TOTAL	12,136,647,026	100.00%				

Fixed Income

The fixed income portfolio remained the cornerstone of the Scheme's performance, benefiting from the attractive yields in the government securities market. The investment managers capitalized on the high-interest rate environment by increasing exposure to medium- and long-

term Treasury Bonds, which offered compelling returns. Active duration management and timely reinvestment decisions ensured steady income generation and effective liquidity management to meet member withdrawals and benefit payments.

Equity

Equity investments recorded a notable upturn during the year, driven by the strong rebound in the Nairobi Securities Exchange (NSE). The recovery was supported by a stable inflation, favorable monetary conditions and solid corporate earnings growth across key sectors such as banking,

telecommunications and energy. The Scheme's selective exposure to fundamentally sound counters contributed positively to portfolio performance, with equity returns playing a key role in strengthening the overall investment outcome.

Offshore

The Scheme's offshore portfolio continued to play a critical role in diversifying overall risk and enhancing long-term returns. The investments were held through reputable global funds offering exposure to stable, developed markets. This allocation helped cushion the portfolio from

domestic market volatility and currency fluctuations while providing access to a broader range of growth opportunities. The Trustees remain committed to maintaining prudent exposure to offshore markets in line with the Scheme's investment policy and regulatory limits.

Property

The property portfolio recorded solid progress, highlighted by the successful sale of all four-bedroom units at Kenpipe Gardens development. The proceeds from the sale will be redeployed into income-generating and growth-oriented assets to further strengthen the Scheme's portfolio diversification.

The Trustees are satisfied that the

investment strategies implemented were consistent with the IPS and appropriate for the Scheme's risk profile. Overall, the Board remains focused on maximizing long-term, risk-adjusted returns while preserving capital and ensuring that the Scheme's assets continue to grow sustainably in line with members' retirement goals.



Scheme Membership and Benefits

Membership in the Scheme continues to reflect the confidence our employees place in their future retirement provision.

- **Total Membership:** As of 30th June 2025, the Scheme had 1,244 active contributing members, representing a 4% decrease from the previous year.
- **Total Assets:** The Scheme's total assets under management grew to KES. 12.4 Billion, up from KES. 9.8 Billion in the preceding year, a testament to steady contributions and positive investment returns.
- **Member Engagement:** We have observed an encouraging increase in member activity. During the year, the Scheme embarked on both virtual and physical member education targeting members of different age groups.
- **Post-Retirement Medical Fund:** A significant development this year was the establishment of the Post-Retirement Medical Fund (PRMF), effective February 2025. This initiative provides members with a crucial vehicle to save specifically for future medical costs in retirement. We are delighted that 24 members were registered to contribute to the PRMF by the end of the financial year, marking a successful start to this vital benefit.
- **Tax Amendment:** We are also pleased to confirm that members can now access their accumulated

benefits free of tax at retirement or upon ceasing membership after 20 years following the Tax Laws (Amendment) Act 2024. This significantly enhances the value of members' long-term savings.

- **Gratuity:** The Regulator approved the amendment to the Trust Deed to allow contract staff to make monthly contribution of their gratuity through the Scheme.

CONCLUSION

This year has cemented a strong foundation for the Scheme marked by record asset growth and key strategic achievements like the launch of the PRMF and the allocation to Private Equity investment.

I extend my deepest appreciation to the dedicated members of the Board of Trustees, our professional service providers, and most importantly, our members for their trust. I am confident that the Scheme is well positioned for continued success and growth.

ACKNOWLEDGEMENT

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

- The Secretariat



- The Scheme Investment Managers: Sanlam East Africa and Co-optrust Investment Services.
- External Auditors: Ronalds LLP
- Internal Auditors: EY
- Custodian: Standard Chartered Bank and
- The Scheme Financial Advisors Consultant: Zamara Actuaries, Administrators and Consultants Ltd.
- The Scheme Legal Advisors: Prof. Mumma & Co. Advocates.

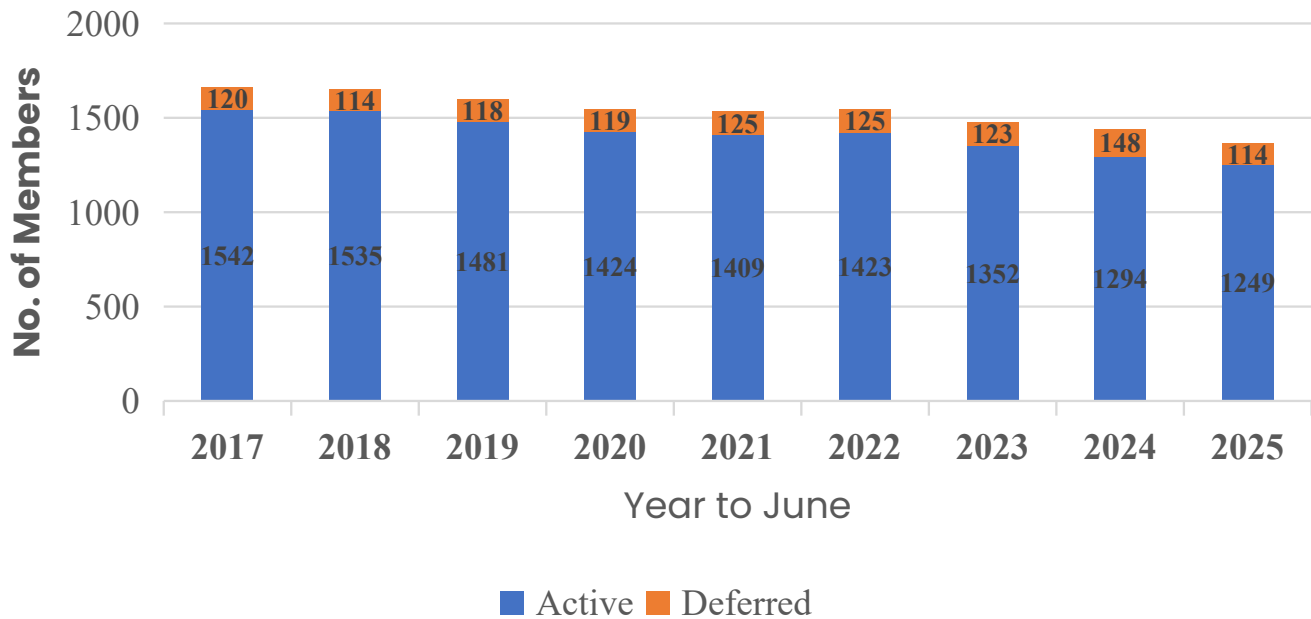
Thank you all and God bless you abundantly.

Eng. Fredrick Ogano
Chairperson, Board of Trustees

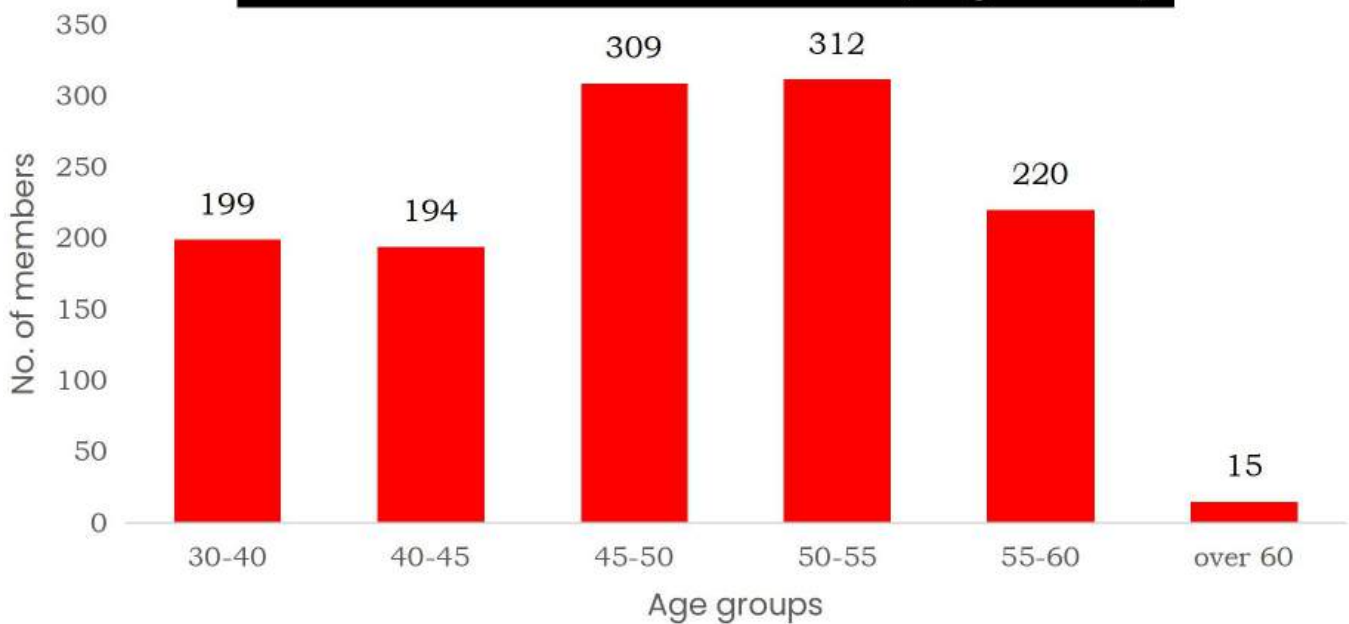


Membership

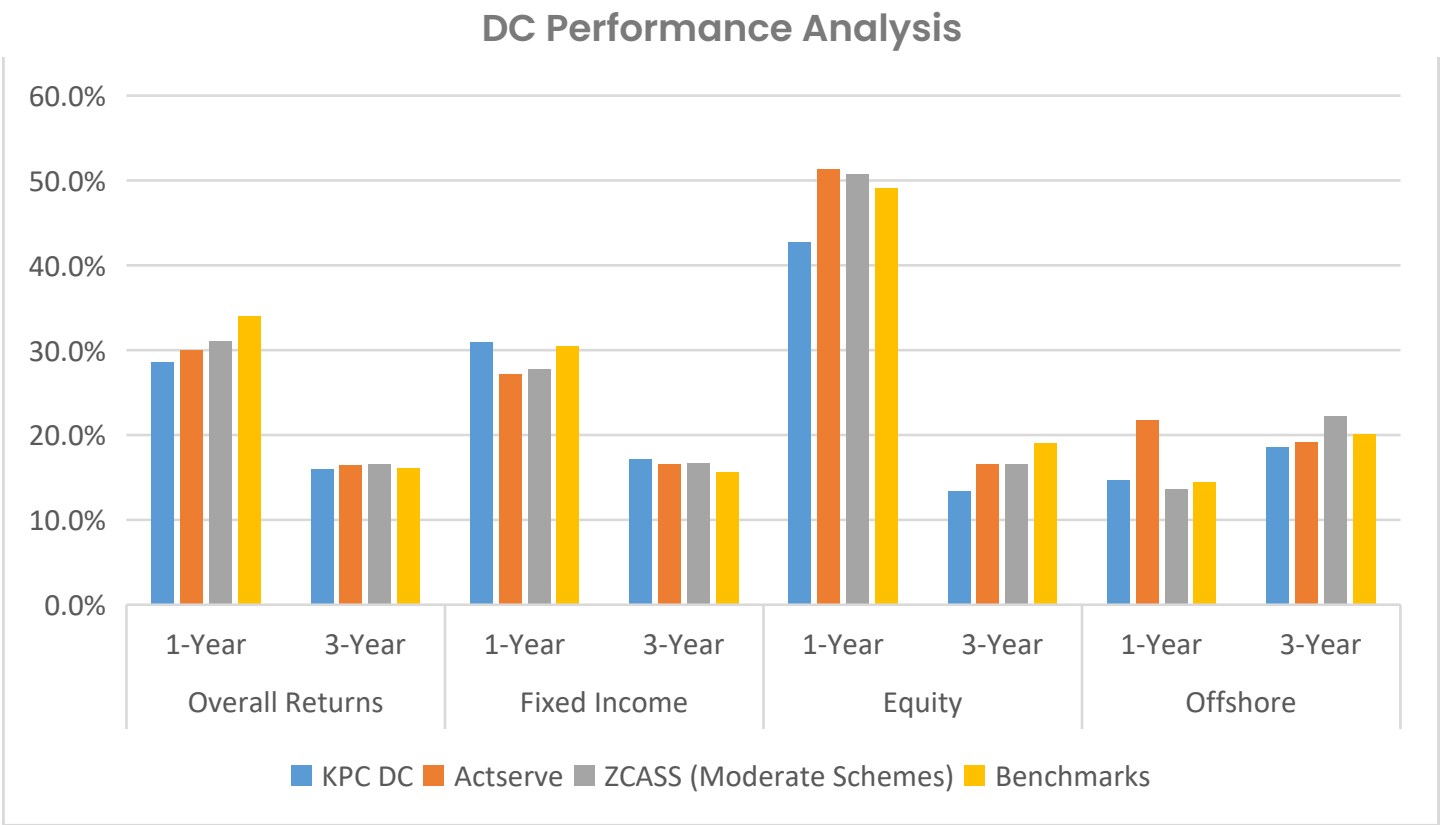
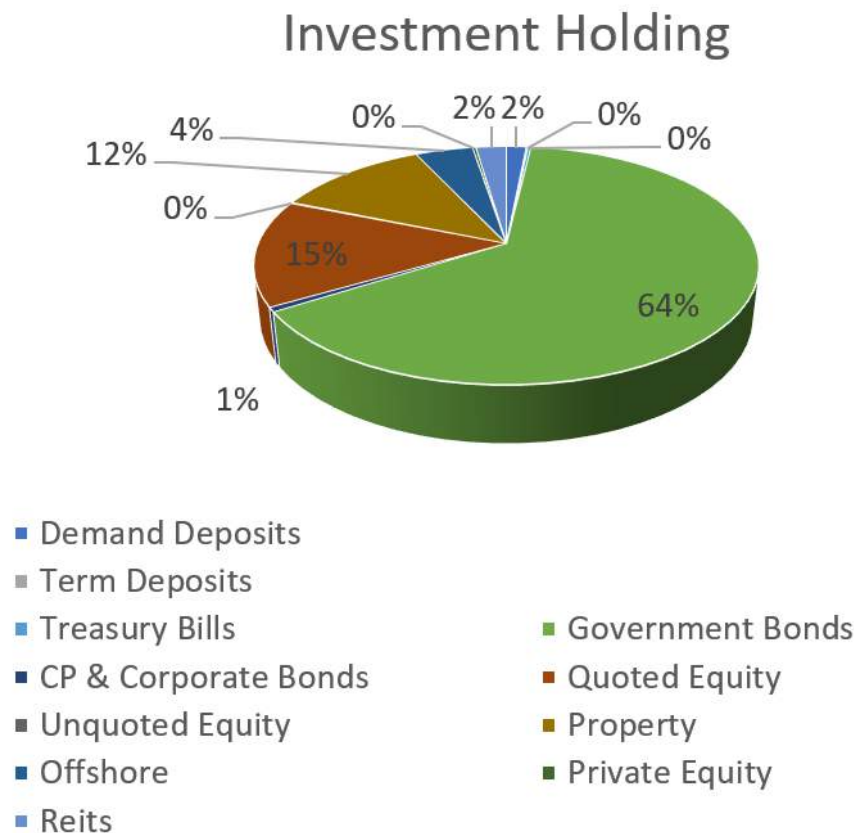
DC Membership



DC Scheme Active Members by Age Group



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 1st July 2006 and is governed by the Trust Deed and Rules dated 2nd November 2006, and amended severally, the latest amendment on 8th November 2021. It is a defined contribution 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 Retirements 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/INT2/01632.

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	1,294	1,423
Joiners during the year	19	10
Retirees	(57)	(81)
Death in service	(5)	(4)
Other leavers	(2)	(54)
Active members at the end of the year	1,244	1,294
Deffered Members	114	148
Members at the end of the year	1,363	1,442

CONTRIBUTIONS

As per the Scheme Rules, employees contribute 7.5% of their respective Pensionable salary and the employer shall contribute to the Scheme an amount equal to 15% of the Members Pensionable salary. However, members may make additional voluntary contribution to the Scheme.

INVESTMENT OF FUNDS

The Scheme's funds are invested as provided under the Retirement Benefits Authority Act and Regulations and schemes investment policy statement.

Under the terms of their appointment, investments managers, Sanlam Investment (East Africa) Limited and Coop Trust Investment Services Limited are responsible for the investment of the funds.

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

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

Asset Type	Actual Allocation as 30th June 2025		RBA Limits
	Ksh.	Percentage Holding	%
Unquoted Equity	21,744,000	0.2%	5%
Quoted Equity	1,780,397,557	14.5%	30%
Government Bonds	7,888,573,573	64.3%	90%
Treasury Bills	28,537,889		
Commercial Paper & Corporate Bonds	74,760,270	0.6%	70%
Fixed and Call Deposits	203,233,652	1.7%	15%
Property	1,450,700,643	11.8%	30%
Private equity	30,911,681	0.3%	10%
Offshore	541,726,603	4.4%	30%
REITS	285,794,741	2.3%	10%
Total	12,306,380,609	100%	

TRUSTEES

The Trustees who served during the year are as shown on page 15

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 TRUSTEES



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's Name	Age	Category (Member elected/Sponsor Nominated /Professional)	No. of Meetings Attended	TDPK Certification Status	Highest Qualification	Membership of other boards (Provide Organization Name)
Martin Wanyama	57	Member Elected	10/10	Yes	Masters Degree	None
Fredrick Ogano	61	Member Elected	7/10	Yes	Masters Degree	None
John Chege	58	Member Elected	10/10	Yes	Masters Degree	None
Thomas Ngira	58	Sponsor Nominated	6/10	Yes	Masters Degree	None
Nancy Rono	54	Sponsor Nominated	10/10	Yes	Masters Degree	None
Joe Sang	51	Sponsor Nominated	4/10	Yes	Masters Degree	KPC
Antony Ndegwa	45	Sponsor Nominated	7/10	Yes	Masters Degree	None
Tom Ong'onge	56	Member Elected	7/10	Yes	Bachelors Degree	None

2. The Board of Trustees held ten (10) meetings during the year ending 30th June 2025. The meetings were held on the dates set out hereunder:

Date	Type of Meeting
27/05/2025	BOT
02/05/2025	BOT
21/03/2025	Joint BOT
19/02/2025	Joint BOT
18/02/2025	BOT
22/11/2024	AGM
15/11/2024	BOT
11/10/2024	BOT
30/08/2024	Joint BOT
16/08/2024	BOT

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

- a) Gender balance: One (1) female and seven (7) male
- b) Skills mix: No of Trustees with financial skills – Three (3)
- c) Age mix: number of Trustees who are younger than 35 years – None
- d) Number of Trustees who are older than 35 years – Eight (8)

4. Committees of the Board

Committee	Members	No. of meetings attended	Allowances Paid (Ksh.)	External Allowances	Allowances to advisors, invitees (Ksh.)
Investment	4	6	17,500	None	None
Audit, Risk & Governance	4	3	17,500	None	None
Full Board of Trustees	8	10	- 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 2006 (D.C) Registered Trustees and is responsible for the corporate governance of the Scheme.

The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interests of the Scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

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

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

The Trustees have ensured that the 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 has been developed

6. Responsible Corporate Citizenship

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

7. Key Outcomes

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;

- c) Ensuring that the scheme’s administrative processes remain transparent and accessible to members and the sponsor. and
- d) Ensuring 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) Triennial members’ survey score. None
- b) 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 218 members attended, making up 17.53% 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
Annual General Meeting	22/11/2024	218
Online Members’ Education Day	11/03/2025	233
Physical Member Education	14th – 22nd October 2024	220

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

During the year under review, the Trustees were paid a gross sum of Kshs. 17,500 and Chairperson Kshs. 22,500, 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. 

Dated 30th September 2025

TRUSTEE

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 Benefist 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.

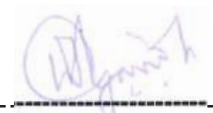
The Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 on30/9/ 2025 and signed on its behalf by:



TRUSTEE



TRUSTEE

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES

Opinion

We have audited the accompanying financial statements of Kenya Pipeline Company Retirement Benefits Scheme 2006 (D.C) Registered Trustees as set out on page 13 to 37 which comprise the statement of changes in net assets available for benefits as at 30 June 2025, Statement of net assets, 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.

Emphasis of Matter Paragraph

We draw your attention to the following:

Revaluation changes on Kenpipe Gardens Estate

We draw attention to Note 23 of the financial statements, which discloses a prior year adjustment of KShs 125,463,410 included in the Statement of Net Assets. The adjustment relates to a change in the valuation methodology applied. As explained in the note, the revised methodology resulted in a reduction in the carrying amount of the property.

Our opinion is not modified in respect of this matter.

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 organization's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matters described in the Emphasis of matter paragraph, there were no key audit matters to report during the year.



Other Information

The trustees are responsible for the other information. The other information comprises scheme information, report of trustees, statement of trustees' responsibilities and scheme governance disclosure statement that form part of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements do 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 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, 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.

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.



Report 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 Evelyn. W. Kanjagua - P/No. 2944.**

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



Ronalds LLP

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KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) 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			
Contributions from employer	4	810,682,420	734,730,306
Withdrawal benefits	5	(646,938,648)	(515,941,664)
Net surplus from dealings with members		163,743,772	218,788,642
Less: Administrative expenses	6	(57,488,431)	(56,905,677)
		106,255,341	161,882,965
Returns on investments			
Investment income	7(a)	1,139,534,865	1,042,637,382
Realised gain on sale of investment	7(b)	82,725,702	35,544,613
Changes in market value of investments	7(c)	1,447,962,485	(532,418,047)
Income from Kenpipe Gardens	8	25,988,669	36,583,654
Investment management expenses	9	(51,082,849)	(34,918,705)
Net returns on investments		2,645,128,872	547,428,897
Other income	10	6,609,309	1,690,665
Increase in net assets for the year before tax		2,757,993,522	711,002,527
Tax expense	11	-	(79,139,629)
Increase in net assets for the year after tax		2,757,993,522	631,862,898
Net assets of the scheme at the start of the year		9,821,805,615	9,189,942,717
Prior year adjustment	23	(125,463,410)	-
Net assets available for benefits at the end of the year		12,454,335,727	9,821,805,615

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2025 Kshs	2024 Kshs
Assets:			
Investment properties	12	1,035,200,000	1,247,880,000
Tenant Purchase Scheme-Kenpipe Gardens	13	415,500,643	305,798,200
Financial investments	14	10,855,679,966	8,098,752,741
Intangible assets	15	2,526,032	-
Equipment	16	4,503,028	4,899,510
		12,313,409,669	9,657,330,451
Current assets			
Tax recoverable	11(b)	43,872,206	-
Other receivables	17	136,329,499	122,979,469
Cash and bank balances	18	29,551,332	112,553,064
		209,753,037	235,532,533
Total assets		12,523,162,707	9,892,862,984
Less: Liabilities			
Current tax	11(b)	-	23,754,757
Benefits payable	19	28,449,127	14,134,748
Other payables	20	40,377,853	33,167,864
		68,826,980	71,057,369
Net assets available for benefits		12,454,335,727	9,821,805,615
Represented by:			
Member balances	21	11,700,462,868	9,894,022,364
Bond revaluation reserve	24	753,872,859	(72,216,749)
		12,454,335,727	9,821,805,615

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

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



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STATEMENT OF CASHFLOWS

	Notes	2025 Kshs	2024 Kshs
Cash flows from operating activities			
Contributions received		809,192,629	739,479,143
Benefits paid		(632,624,269)	(521,816,359)
Investment expenses paid		(51,082,940)	(32,949,464)
Rent deposits		(3,308,520)	(1,281,318)
RBA levy paid		(5,000,000)	(5,000,000)
Administrative and service charge expenses paid		(61,544,519)	(37,495,927)
Tax paid		(67,626,967)	(64,132,604)
Net cash used in operating activities		(11,994,586)	76,803,470
Investing activities			
Investment income received		1,304,300,964	964,922,630
Purchase of equipment		(619,225)	(1,762,980)
improvement to investment properties		(7,584,712)	-
Purchase of treasury bills		(91,223,095)	- 21,452,835.00
Purchase of treasury bonds		(1,484,458,807)	(2,002,921,522)
Purchase of corporate bonds		(539,652)	(1,110,718)
Purchase of REITS		(108,660)	(1,419,187)
Purchase of quoted equities		(350,650,822)	(108,552,458)
Purchase of offshore investments		(91,647,984)	(386,670,222)
Proceeds from treasury bills		65,117,784	114,272,800
Proceeds from sale of treasury bonds		504,840,964	296,608,084
Proceeds from sale of corporate bonds		3,866,276	3,381,948
Proceeds from sale of equities		51,142,945	140,114,010
Proceeds from sale of offshore		28,754,611	206,127,751
Net cash generated from investing activities		(68,809,414)	(798,462,699)
Net (decrease)/ increase in cash and cash equivalents		(80,803,999)	(721,659,228)
Cash and cash equivalent at beginning of period		313,588,983	1,035,248,212
Cash and cash equivalent at end of period	18	232,784,984	313,588,983

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1 MATERIAL ACCOUNTING POLICY INFORMATION

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 Benefits 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)

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Accounting policies(continued)

ii. Standards, interpretations and amendments issued and effective. Cont'd)

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 21 Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (Published August 2023)
Amendments to IAS 8 Accounting policies, changes in Accounting Estimates and Errors	The amendments require entities to disclose the nature and effect of a change in an accounting estimate that has a significant impact on the financial statements.	Annual reporting periods begin on or after January 1 2024 (Published February 2021)
Amendments to the classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)	The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. The amendments further require the disclosure of contractual terms that could change the timing of contractual cash flows on the occurrence (or non -occurrence of a contingent event that does not relate directly to changes in a basic lending risks and costs. This requirement is applicable to every class of financial asset measured at amortized cost or fair value through other comprehensive income and each class of financial liability measured at amortized cost.	Annual reporting periods beginning on or after 1 January 2026 (Published May 2022)

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

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;

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Accounting policies(continued)

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.

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) Cash and cash equivalents

Cash and cash equivalents include cash at bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Scheme in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of net assets available for benefits.

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Accounting policies(continued)

l) 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.

m) 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 :

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 invest 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:

	Fully Performing Kshs	Past due Kshs	Impaired Kshs	Total Kshs
At 30 June 2025				
Treasury bills	28,537,889	-	-	28,537,889
Rent receivable	3,752,640	-	-	3,752,640.00
Call and fixed deposits	241,771,137	-	19,272,039	222,499,098
Cash and Bank balance	29,551,332	-	-	29,551,332
	303,612,998	-	19,272,039	284,340,959
At 30 June 2024				
Treasury bills	-	-	-	-
Rent receivable	1,483,220	-	-	1,483,220
Call and fixed deposits	220,307,959	-	19,272,039	201,035,920
Cash and Bank balance	112,553,064	-	-	112,553,064
	334,344,243	-	19,272,039	315,072,204

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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
4 Contributions		
Received from employer – normal	529,558,090	481,707,346
Received from employees – normal	264,779,001	242,519,193
Received from employees - AVC	9,783,661	8,685,720
Transfer in	6,541,668	1,818,047
Post retirement medical fund	20,000	-
	810,682,420	734,730,306
5 Benefits expense		
Retirees' benefits	594,594,836	437,595,728
Early exits	11,497,705	40,999,669
Deceased	40,846,107	37,346,267
	646,938,648	515,941,664
6 Administrative expenses		
<u>Governance expenses</u>		
Board evaluation	230,376	-
Meeting and Trustees annual retreat	1,086,339	2,785,090
Training expenses	6,354,541	5,785,244
Travel and subsistence	2,537,727	1,133,491
Trustee election	13,074	307,215
Trustee indemnity insurance	749,525	622,875
Trustees allowances	1,748,175	1,620,000
E-Board software subscription	893,381	1,676,334
Trustees expenses	119,370	198,156
Membership subscription - Trustees	192,624	-
	13,925,132	14,128,405
<u>Staff expenses</u>		
Insurance	494,465	1,147,011
Leave accrual	(489,128)	502,328
Staff medical expenses	956,377	642,947
Staff salaries	17,758,288	15,786,555
Professional subscriptions	221,240	398,965
Team building	-	617,951
Staff recruitment	475,488	-
Training expenses-staff	1,649,509	2,585,085
	21,066,239	21,680,842

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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
Administrative expenses (continued)		
<u>General administrative costs</u>		
RBA levy	5,000,000	5,000,000
Amortization of intangible assets (Note 15)	-	1,954,236
Depreciation of equipment (Note 16)	1,015,707	1,028,235
Professional/scheme advisors fees	1,491,296	1,185,192
Strategic plan and policy review	893,358	475,600
Software maintenance (microsoft NAV)	2,176,718	824,300
Audit fees	1,505,847	1,250,020
Office expenses and maintenance	1,260,301	860,911
Internet	137,801	504,878
Legal fees	2,416,615	3,491,650
Tendering expenses	2,023	65,848
Travelling and subsistence	887,555	419,295
Computers and website maintenance	324,277	310,734
AGM expenses	693,963	1,106,067
Printing and stationery	636,355	621,815
Scheme membership subscriptions	55,000	214,000
Bank charges	184,853	267,475
Member welfare, education and post retirement medical scheme	787,309	29,640
Rent secretariat office	2,061,632	1,285,290
Telephone and postage expenses	9,450	20,284
Tax consultancy	957,000	180,960
	22,497,060	21,096,430
Total administrative expenses	57,488,431	56,905,677
7(a) Realised investment income		
Dividend income	109,678,651	81,965,841
Treasury bonds	982,483,606	769,290,312
Treasury bills	7,314,794	1,464,167
Corporate bonds	9,936,953	10,636,287
Call and fixed deposits	15,330,854	164,755,416
Private equity	1,308,227	-
Offshore dividend income	4,162,690	4,941,276
REITs	9,319,090	9,584,083
	1,139,534,865	1,042,637,382

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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
7(b) Realised gain/(loss) on sale of investment		
Gain on disposal of equity investments	12,245,638	48,674,728
Gain on disposal of government securities	61,753,295	96,811
Loss on disposal of corporate bonds	(61,586)	(223,814)
Gain /(loss) on disposal of offshore investments	8,788,355	(12,072,863)
Exchange loss	-	(930,249)
	82,725,702	35,544,613
7(c) Fair value adjustment		
Fair value gain / (loss) on equity investments	440,682,855	(37,551,227)
Fair value gain / (loss) on investment property	98,379,744	(329,333,037)
Fair value gain / (loss) on offshore investments	2,126,467	(2,231,624)
Fair value gain / (loss) on treasury bonds	826,089,608	(72,216,749)
Fair value gain / (loss) on unit trusts	65,971,265	(92,280,934)
Fair value gain on REITS investments	14,712,546	1,419,186.56
Unrealized exchange losses	-	(223,662)
	1,447,962,485	(532,418,047)
8 Rental income		
Interest from Tenant Purchase Scheme	41,413,954	25,853,942
(Loss)/gain from disposal of property-Kenpipe	(24,009,915)	150,000
Rent income	8,546,000	10,251,000
Provision for bad debts	38,630	328,712
	25,988,669	36,583,654
9 Investment management expenses		
Management fees - investment managers	21,865,620	17,790,871
Custody fees	11,438,878	11,954,719
Property management fees	17,778,351	5,173,115
	51,082,849	34,918,705
10 Other income		
Miscellaneous income	6,609,309	1,690,665
	6,609,309	1,690,665

Miscellaneous income include interest on staff loans and penalties levied on Tenant Purchase Scheme.

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	2025	2024
	Kshs	Kshs
11 Taxation		
(a) Statement of changes in net assets:		
Total investment income	1,046,669,433	1,080,911,700
Less: Interest from infrastructure bonds	(71,529,031)	(71,529,031)
Gain on investments disposals	82,725,702	35,544,613
Less: Administration expenses	(57,488,517)	(56,905,677)
Investment management expenses	(51,082,850)	(34,918,705)
Add back: Depreciation	1,015,707	2,982,471
Gratuity	993,249	816,569
	951,303,693	956,901,940
Taxable income due to Unregistered. Fund at 0 % (2024: 28%) of the taxable Scheme income	675,478,754	263,798,763
Tax thereon at 30%	-	79,139,629
(b) Statement of net assets:		
Tax payable as at 1 July	23,754,757	8,747,732
Tax provision for the year	-	79,139,629
Tax paid during the year	(67,626,963)	(64,132,604)
Tax (recoverable) /payable as at 30 June	(43,872,206)	23,754,757

The scheme is registered under the Income Tax Act and is Tax exempt on income within the exempt limit (240,000). Income on the excess amount is taxable at 30%.

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES
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	2025	2024
	Kshs	Kshs
12 Investment property		
At 1 July	1,247,880,000	1,608,003,000
Additions	7,584,711	-
Kenpipe garden sales	(318,644,455)	(30,789,963)
Valuation gain(loss)	98,379,744	(329,333,037)
At 30 June	1,035,200,000	1,247,880,000
Comprising of:	1,035,200,000	1,247,880,000
Leasehold land and building	1,035,200,000	1,247,880,000

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

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
30-Jun-25				
Kajiado/Kitengela/ 76600-76872	-	-	455,000,000	455,000,000
Kajiado/Kitengela/ 76873 (Kenpipe Gardens)	-	-	437,100,000	437,100,000
Kitengela Rangers	-	-	120,000,000	120,000,000
Kogony, Kisumu	-	-	23,100,000	23,100,000
	-	-	1,035,200,000	1,035,200,000
	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
30-Jun-24				
Kajiado/Kitengela/ 76600-76872	-	-	426,680,000	426,680,000
Kajiado/Kitengela/ 76873 (Kenpipe Gardens)	-	-	658,500,000	658,500,000
Kitengela Rangers	-	-	138,500,000	138,500,000
Kogony, Kisumu	-	-	24,200,000	24,200,000
	-	-	1,247,880,000	1,247,880,000

The income generated from the property is as follows:

	2025	2024
	Kshs	Kshs
Rental income from investment properties (Note 8)	8,546,000	10,251,000
Rental income from tenant purchase agreement	41,413,954	26,003,942
Direct operating expense arising from Kenpipe Gardens	(17,778,351)	(5,173,115)
	32,181,602	31,081,827

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 at that date by Icon Valuers Ltd and Pentan Realtors Ltd who are independent of the Scheme. The Valuers 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 were determined by reference to market evidence of recent transactions for similar properties. The valuations were based on Comparable sales methods. There has been no change on the valuation technique during the year.

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEE
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	2025	2024
	Kshs	Kshs
13 Tenant Purchase Scheme -Kenpipe Gardens		
At 1 July	305,798,200	296,911,020
Issued TPS	43,350,000	43,350,000
Repayments	66,352,443	(34,462,820)
	415,500,643	305,798,200
14 Other investments (Note 21)		
Treasury bonds	7,888,573,573	5,989,102,220
Treasury bills	28,537,889	-
Corporate bonds	74,760,270	77,932,309
Quoted equity investments	1,780,397,557	1,050,495,174
Unquoted equity investments	21,744,000	21,744,000
Offshore investments	541,726,603	480,959,697
Call and fixed deposits	203,233,652	201,035,919
Private equity	30,911,681	6,401,227
REITS investments	285,794,741	271,082,195
	10,855,679,966	8,098,752,741
15 Intangible assets		
Cost		
At 1 July	7,809,705	7,809,705
Additions	2,526,031	-
As at 30 June	10,335,736	7,809,705
Amortization		
At 1 July	7,809,705	5,855,469
Charge for the year	-	1,954,236
As at 30 June	7,809,705	7,809,705
Net book value as at 30 June	2,526,032	-

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES
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NOTES TO THE FINANCIAL STATEMENTS

16 Equipment

	Computers	Equipment & Fixtures	Total
	Kshs	Kshs	Kshs
At 1 July 2023	1,045,958	10,308,737	11,354,695
Additions	1,678,683	84,298	1,762,981
At 30 June 2024	2,724,641	10,393,035	13,117,676
At 1 July 2024	2,724,641	10,393,035	13,117,676
Additions	619,225	-	619,225
At 30 June 2025	3,343,866	10,393,035	13,736,901

Depreciation

At 1 July 2023	770,685	6,419,246	7,189,931
Charge for the year	535,024	493,211	1,028,235
At 30 June 2024	1,305,709	6,912,457	8,218,166
At 1 July 2024	1,305,709	6,912,457	8,218,166
Charge for the year	580,635	435,072	1,015,707
At 30 June 2025	1,886,344	7,347,529	9,233,873

Net book value

At 30 June 2024	1,418,932	3,480,578	4,899,510
At 30 June 2025	1,457,522	3,045,506	4,503,028

17 Other receivables

	2025 Kshs	2024 Kshs
Rent receivable	3,752,640	1,483,220
Provision for bad debts	(567,662)	(529,032)
Contributions	60,289,540	58,799,749
Insurance prepaid	575,190	955,541
TPS interest receivable	28,337,279	21,982,770
TPS penalty receivable	4,474,157	3,252,385
Staff loans	14,042,217	12,814,291
Service charge	24,171,320	24,168,493
Medical fund	1,254,819	52,052
	136,329,499	122,979,469

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTE
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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
18 Cash & cash equivalents		
Equity bank	25,119,228	14,035,173
Petty cash	94,776	150,000
Standard Chartered - 9244B	118,295	2,707,147
Standard Chartered - 0105079957100	301,854	(12,890,801)
Standard Chartered - USD Sanlam	3,908,791	107,767,851
Standard Chartered -USD Cooptrust	8,388	783,694
	29,551,332	112,553,064
For the purposes of cashflow, cash and cash equivalents include:		
Bank balance	29,456,556	112,403,064
Cash in hand	94,776	150,000
Fixed and call deposits	203,233,652	216,087,527
	232,784,984	328,640,591
19 Benefits payables		
Lumpsum retirees payables	8,663,792	1,871,018
Lumpsum death in service payables	19,785,335	12,263,729
	28,449,127	14,134,748
20 Other payables		
Prepaid Tenant Purchase Scheme	1,519,835	619,350
Due to KPC Retirement Benefit Scheme (DB)	3,837,335	6,823,500
Transfer in payable	5,824,377	1,520,629
Rent deposit refundable	2,644,562	2,303,682
RBA levy payable	5,000,000	5,000,000
Management fees	7,330,360	4,648,158
Income tax on pension benefits	3,985,502	3,552,099
Audit fees	1,200,020	1,200,020
General creditors	7,724,557	3,665,727
Custody fees	523,639	1,057,165
Legal fees	628,254	997,685
Accrued leave days	533,142	1,022,271
PAYE payable	(373,729)	135,400
Rent-scheme offices	-	622,178
	40,377,853	33,167,864

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES
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21 Accumulated Fund

	Registered fund	Unregistered fund	PRMF	Total
	Kshs	Kshs		Kshs
As at 1 July 2024	7,207,786,595	2,686,235,768	-	9,894,022,363
Members contribution	393,151,676	417,510,743	20,000	810,682,420
	7,600,938,271	3,103,746,511	20,000	10,704,704,783
Percentage on total fund	71%	29%	0%	100%
Net income for the year	724,784,937	296,038,918		1,020,823,855
Benefits payable	(459,326,441)	(187,612,207)	-	(646,938,648)
Investment holdings gain	441,529,746	180,343,135	-	621,872,881
	706,988,242	288,769,846	-	995,758,088
Tax (unregistered scheme)	-	-	-	-
As at 30 June 2025	8,307,926,513	3,392,516,357	20,000	11,700,462,868
2024				
As at 1 July 2023	6,856,249,946	2,333,692,771	-	9,189,942,717
Members contribution	312,480,123	422,250,182	-	734,730,305
Revaluation reserve (Note 23)	-	-	-	72,216,749
	7,168,730,069	2,755,942,953	-	9,996,889,771
Percentage on total fund	72%	28%		100%
Net income for the year	734,759,501	282,470,570	-	1,024,631,932
Benefits payable	(369,979,725)	(142,234,817)	-	(515,941,664)
Investment holdings gain	(381,794,873)	(146,777,028)	-	(532,418,047)
	(17,015,097)	(6,541,274)	-	(23,727,779)
Tax (unregistered scheme)	-	(79,139,629)	-	(79,139,629)
As at 30 June 2024	7,151,714,972	2,670,262,050	-	9,894,022,364

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES
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NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kshs	Kshs
22 Investments		
a) Quoted Equity Investments		
The movement of the treasury bonds is as follows:		
<i>At fair value through profit or loss</i>		
At the beginning of the year	1,050,495,173	1,082,056,725
Purchase during the year	340,362,473	65,712,247
Disposals during the year	(51,142,945)	(59,722,572)
Change in market value	440,682,855	(37,551,227)
At the end of the year	1,780,397,556	1,050,495,173
b) Treasury bonds - At amortized cost		
The movement of the treasury bonds is as follows:		
At the beginning of the year	5,989,102,221	4,167,143,874
Purchases during the year	2,675,278,310	2,083,276,255
Maturity	(504,840,964)	(22,371,300)
Accrued interest	(270,965,992)	(238,946,608)
At the end of the year	7,888,573,573	5,989,102,221
The maturity dates of the treasury bonds are as follows:		
Maturing within one year	255,406,264	398,141,863
Maturing in the second year	379,992,634	320,910,663
Maturing in 3-5 years	1,452,711,048	1,487,948,690
Maturing after 5 years	5,800,463,627	3,782,101,004
	7,888,573,573	5,989,102,220
The weighted average interest rate as at 30 June 2025 was 14.47 % (2024: 14.13%).		
c) Call and fixed deposits- At amortised cost		
The Co-operative Bank of Kenya Limited	127,999,681	36,194,877
Absa Bank	1,190,410	1,136,557
Stanbic Bank	-	137,472,603
I & M	15,128,836	-
Diamond Trust Bank	33,181,541	-
NCBA Bank	44,998,630	26,231,883
	222,499,098	201,035,920

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	2025	2024
	Kshs	Kshs
22 Investments (continued)		
d) Treasury bills- At amortised cost		
The movement of treasury bills is as follows:		
At the beginning of the year	-	118,535,832
Purchases during the year	91,223,095	-
Maturity	(65,117,785)	(118,535,832)
Accrued discount	2,432,579.44	-
At the end of the year	28,537,889	-
The maturity dates of the treasury bills are as follows:	-	-
maturing within 3 months	-	-
maturing within 4-12 months	28,537,889	-
	28,537,889	-
e) Corporate bonds -At fair value through profit or loss		
At the beginning of the year	77,932,309	80,592,737
Purchases during the year	-	1,110,718
Disposals during the year	(3,866,276)	(3,771,146)
At the end of the year	74,066,033	77,932,309
Maturing within one year	52,545,100	-
Maturing in the 2-5 year	22,215,169	77,932,309
Maturing after 5 years	-	-
	74,760,269	77,932,309
f) Offshore Investments- At fair value through profit or loss		
Franklin U.S Opportunities Fund Class	88,627,273	79,829,449
Franklin Technology Fund Class	92,991,781	80,113,542
Pinebridge US Large Cap	-	872,926
Ishares Msci World ETF	360,107,549	320,143,780
	541,726,603	480,959,697
At the beginning of the year	480,959,697	106,494,192
Purchases during the year	91,647,984	372,233,881
Disposal during the year	(28,754,611)	-
Change in market value	(2,126,467)	2,231,624
At the end of the year	541,726,603	480,959,697

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES

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22 a) Quoted investments

g) Description	At 1 July 2024 Units	Addition Units	Disposal Units	At 30 Jun 2025 Units	Market value at 1 July 2024 Kshs	Cost of additions Kshs	MV on disposal Kshs	Gain/ (loss) on disposals Kshs	Unrealised gain/(loss) Kshs	Market value at 30 Jun 2025 Kshs
Absa Bank Kenya Plc	8,096,708	1,053,800	300,000	8,850,508	113,353,912	18,158,847		1,375,633.97		169,929,754
CFC Stanbic Holdings Plc	1,136,800	166,700	-	1,303,500	129,879,400	23,370,272		-		214,425,750
East African Breweries Plc	375,000	374,100		749,100	55,031,250	68,479,448				138,208,950
Equity Group Holdings Plc	4,930,800	350,000		5,280,800	208,326,300	16,026,654				258,231,120
Kenya Commercial Bank Plc	2,206,000	2,460,100	500,000	4,166,100	68,937,500	95,027,193		4,009,751		194,140,260
MTN Uganda	5,805,450	-	3,091,000	2,714,450	34,344,462	-	-	3,366,225		25,474,224
Safaricom Plc	25,469,500	6,300,000	570,000	31,199,500	440,622,350	110,570,645	-	3,344,028		779,987,500
TOTAL	48,020,258	10,704,700	4,461,000	54,263,958	1,050,495,174	331,633,060	-	12,095,637	-	1,780,397,557

b) Unquoted investments

UAP Old Mutual Holdings	151,000	-	-	151,000	21,744,000	-	-	-	-	21,744,000
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EQUITY INVESTMENTS

i) Offshore Equity -At fair value through profit or loss

No.	1/7/2024	Additions	30/6/2025	Unrealised	Market Value
	Shares	Mkt Value Kshs	Shares	Cost Kshs	Kshs
Franklin U.S Opportunities	22,749	159,942,991	22,749	(72,722,205)	1,401,619
Pinebridge US Large Cap	13	872,926	13		
Ishares Msci World ETF	16,758	320,143,780	5,000	82,882,160	360,107,549
	39,520	480,959,697	27,762	10,159,955	361,509,168

ii) REITS investments

No.	1-Jul-24					Additions			Unrealised gain	Market Value
	Shares	Market Value	Units	Cost	Dividend Earned	Dividend Received	Units			
ACORNREIT	11,909,374	271,082,195	-	-	9,319,090	(9,319,090)	11,909,374	-	285,686,081	

KENYA PIPELINE COMPANY RETIREMENT BENEFITS SCHEME 2006 (D.C) REGISTERED TRUSTEES
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23 Prior year adjustment

During the year, the Scheme recognised a prior period adjustment amounting to KShs 125,463,410 in respect of the Kenpipe Gardens Estate property.

In the prior year, the property was valued on an aggregate basis, with the value of the three- and four-bedroom units apportioned based on the number of unsold units. In the current year, the valuation was performed on a unit-by-unit basis, reflecting the market value of each individual unit.

The revised valuation methodology indicated that the prior year carrying amount of the property was overstated. Accordingly, a prior year adjustment has been recognised to reduce the carrying amount of investment property and members' balances by KShs 125,463,410.

	As previously reported	Net increase in assets during the year	Adjustment	Restated
The effect of the adjustment is summarised below:				
Member balances	9,894,022,364	1,931,903,915	(125,463,410)	11,700,462,869
			2025	2024
			Kshs	Kshs
Adjustment of revaluation on property			(79,270,389)	-
Adjustment of Tenancy Purchase Scheme (TPS) principal balance			(17,292,943)	-
Adjustment on gain/loss on sale of properties			(28,760,085)	-
Adjustment of penalty due			(294,884)	-
Adjustment of Interest due			154,890	-
			(125,463,410)	-

This adjustment has been presented in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to ensure comparability of the financial statements.

24 Bond revaluation reserve

Opening balance	(72,216,749)	-
Fair value gain/ (loss) on debt instruments	826,089,608	(72,216,749)
Closing balance	753,872,859	(72,216,749)

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 Retirements Benefits Industry on Amendments to the Retirements 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.

25 Registration

The Scheme is registered under the Retirement Benefits Act.

26 Currency

The financial statements are presented in Kenya Shillings rounded to the nearest (Kshs 000)

27 Contingencies

There are four court cases the scheme is involved three against tenants and one against Ivory Consult Ltd.These include;

- 1.ELC No. E091 OF 2022 - K.P.C versus Eric Ng'ang'a Mburu
- 2.ELC NO. E086 OF 2022 - K.P.C versus Kay Thrice Limited
- 3.MC. ELC No. E015 of 2023 - K.P.C versus Rose Jeptum
- 4.Civil Suit No. E49888 of 2020 - K.P.C and Epco builder versus Ivory Consult Limited and Clive Wafukho.

28 Events after the 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.



Kenya Pipeline Company Retirement Benefits Scheme

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