



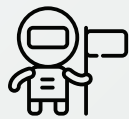
ANNUAL REPORT 2024

**INTEGRATED REPORT & FINANCIAL
STATEMENTS**

**Sustaining Security in Retirement
Across Generations**

Theme:

Sustaining Security in
Retirement Across
Generations



OUR MISSION

To provide diversified,
innovative and sustainable
financial solutions to our
stakeholders in the region.

01



OUR VISION

A world of opportunities for
your life long financial
security.

02



CORE VALUES

Sustainability
Professionalism
Integrity
Respect
Innovativeness
Teamwork

03

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NOTICE OF THE 22nd ANNUAL GENERAL MEETING

TO MEMBERS OF LOCAL AUTHORITIES' PENSIONS TRUST

Notice is hereby given that the **Annual General Meeting (AGM)** of **LOCAL AUTHORITIES PENSIONS TRUST (LAPTRUST)** will take place both **virtually**, via electronic means, and physically, at the **Tourist Hotel, Bungoma County**, on **Thursday 3rd July 2025** starting from **8.30 A.M to 1:00 P.M.**

AGENDA

1. Introduction & Opening Remarks.
2. Reading of the Notice of the meeting.
3. Reading and taking note of the Minutes of the 21st Annual General Meeting held on 20th June 2024.
4. Presentation of the Investments Managers' Reports.
5. Presentation of the Schemes' Custodians Report.
6. Presentation of the Financial Statements and Audited Accounts for Year 2024.
7. Presentation of the Administrator's Report.
8. Presentation of the Chairman's Report.
9. Presentation by Stakeholders.
10. Address by Chief Guest.
11. Award Ceremony.
12. Question & Answer.
13. Vote of Thanks.

BY ORDER OF THE BOARD



DR. HOSEA KILI, MBS

GROUP MANAGING DIRECTOR/CEO

CPF FINANCIAL SERVICES LTD;

THE SCHEME CORPORATE ADMINISTRATOR

FOR & ON BEHALF OF LAPTRUST BOARD OF TRUSTEES

TRUSTEES AND PROFESSIONAL ADVISORS

Winfred Syombua Mbai - Chairperson

P.S. Michael Lenasalon

H.E. Governor Kahiga Mutahi

Dan Awendo

Jacinta Tre'sa Ismail

Hon. Phillip Muigei

Dr. John Muthini Ndunda

Dr. Hosea Kili, MBS

Taslim Wason

REGISTERED OFFICE

CPF House, 7th floor Haille Sellasie Avenue,
P.O Box 28938 – 00200,
Nairobi.

INVESTMENT MANAGERS

ICEA LION Asset Management
Limited ICEA LION Centre, Riverside
Park, Chiromo Road, Westlands
P.O Box 46143 – 00100
Nairobi

KCB Asset Management
Harambee Avenue
P.O.Box 72866,00200
Nairobi

Old Mutual Investments
Old Mutual Towers,
Upper hill Road
P.O.Box 30059-00100
Nairobi

CUSTODIANS

Standard Chartered Bank Limited
Standard Chartered Securities
Services Chiromo, 48 Westlands
Road
P.O Box 40984 - 00100
Nairobi.

Kenya Commercial Bank Limited
Custody Services
KCB Towers, Upper Hill, 7th Floor,
P.O Box 30664 - 00100
Nairobi

Equity Bank Limited Custody
Services
Equity Centre, Hospital Road
P.O Box 75104 - 00200
Nairobi.

ADMINISTRATORS

CPF Financial Services Limited
CPF House, 7th floor
Haile Selassie Avenue
P O Box 28938, 00200
Nairobi.

AUDITORS

PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Tower, Waiyaki Way/Chiromo
Road Westlands
P.O Box 43963 - 00100
Nairobi.

ACTUARIES

ACTSERV
Actuarial Services (EA) Ltd
1113 Kayahwe Rd, Off Galana Rd
P. O. Box 10472 – 00100,
Nairobi, GPO Kenya.

BANKERS

Kenya Commercial Bank Limited
Moi Avenue Branch
P.O Box 30081 - 00200
Nairobi

Absa Bank Kenya Plc Absa Plaza
Branch
P.O Box 30120 - 00100
Nairobi

The Co-operative Bank of Kenya
Limited
Parliament Road Branch
P.O Box 5772 - 00200
Nairobi

Standard Chartered Bank Kenya
Limited Kenyatta Avenue Branch
P.O Box 444205 - 00200
Nairobi

LAWYERS

Brian Otieno & Company
Advocates
Flamingo Towers, 5th Floor
P.O Box 18682-00100
1 Mara Road, Upper Hill
Nairobi

J.M Njenga & Co Advocates
Teleposta Towers, 5th Floor
Kenyatta Avenue,
P.O.Box 1297 - 00100
Nairobi

Kiplagat & Co. Advocates
NSSF Building, 11th Floor
Block A, Eastern Wing
P.O.Box 3642, 00200
Nairobi

THE BOARD OF TRUSTEES



Winfred Syombua Mbai
Chairperson

Winfred Mbai Syombua is an accomplished Strategic Manager with over 15 years' experience in senior management level. She is the current Managing Director of the Machakos Water and Sewerage Company and serves as the Executive Director of the Water Services Providers Association (WASPA).

Winfred holds an MBA in Strategic Management and Leadership from St. Paul's University, a Bachelor of Science Degree in Medical Laboratory Science from Kenyatta University and a Diploma in Business Management from Kenya Institute of Management. She is a member of the Institute of Directors-Kenya and the Kenya Institute of Management (KIM).

Ms. Syombua represents Water Companies and associated organization on the LAPTRUST Board of Trustees and brings a wealth of experience in Strategic Performance Management, Corporate Governance and Leadership, Change Management, Strategic Management, Strategy formulation and Implementation.



Dr. Hosea Kili, MBS
Trustee

Dr. Hosea Kili, MBS is an accomplished advocate of the High Court of Kenya and a distinguished leader in the retirement benefits sector. He holds a Master of Business Administration from the Management College of Southern Africa (MANCOSA), is a Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), a Fellow of the Kenya Institute of Management (KIM), and a member of the Law Society of Kenya (LSK). Dr. Kili also serves as a Council Member of the Africa Social Security Association (ASSA) and is the President of the Association of Pension Trustees and Administrators of Kenya (APTAK).

Over the years, Dr. Kili has earned wide recognition for his outstanding contributions to governance, public service, and institutional leadership. In 2025, he was named Overall Chief Executive Officer (CEO) of the Year at the Internal Audit and Risk Awards, a testament to his unwavering commitment to

transparency, accountability, and performance excellence. On 12th December 2024, he was honoured with the prestigious Moran of the Burning Spear (MBS) by H.E. Dr. William Ruto, CGH, President of the Republic of Kenya, in recognition of his service to the nation.

In 2024, he was recognized as Second Runners-up CEO of the Year at the Council of Governors (COG) Awards. A year earlier, in 2023, he was awarded CEO of the Year in the Retirement Benefits Sector at the Champions of Governance Awards. Dr. Kili is also a past recipient of the Presidential Order of the Grand Warrior of Kenya (OGW), conferred in 2011, and has received multiple accolades including 2nd Runners-up CEO of the Year at the 2012 COYA Awards, Personality of the Year at the 2017 Pension Awards, and CEO of the Year (2nd Runners-up) at the 2017 and 2018 Champions of Governance Awards.

Dr. Kili continues to be a respected voice in the social security and governance landscape, known for his visionary leadership, dedication to institutional transformation, and his enduring impact on the lives of retirees and beneficiaries across Kenya.



H.E. Governor Kahiga Mutahi
Trustee

H.E. Mutahi Kahiga is a holder of Bachelor's degree from the University of Nairobi and a Master's degree in Education Leadership & Management from the Kenya Methodist University. He is currently undertaking Ph.D. in Leadership and Management of Education from Kenya Methodist University (KEMU). He is also serving as the Vice Chairperson of the Agriculture, Livestock and Cooperative Committee at the Council of Governors (CoG).

He holds a PI Certificate from Kisii Teachers Training College and a Diploma in Cooperative studies from Negiv Institute & University, Beershivva in Israel.

Governor Kahiga Mutahi has had a long teaching career in public schools for an aggregate period of 31 years; 18 years of which, he served as a headmaster. He has also served as the Secretary to the Supervisory Committee of New Fortis Sacco, Chairman of the Nyeri Teachers plaza, Housing Cooperative Society for 11 years, Nyeri KNUT Secretary for 7 years and the Central Regional Secretary General of Athletics Kenya for 10 years.

Under his stewardship, Nyeri County has experienced exponential growth in all sectors.

He is currently serving in his second and final term as the Governor of the County Government of Nyeri.

THE BOARD OF TRUSTEES (Continued)



CPA Jacinta Tre'sa Ismail
Trustee

CPA Jacinta Tre'sa Ismail is a highly experienced finance professional with a robust background in economic planning, fiscal management, and financial administration. Currently, she serves as the Chief Officer of Finance and Economic Planning, where she oversees administrative functions, coordinates economic and fiscal planning, and advises departments on relevant issues. Her role involves monitoring and evaluating projects and programs, collaborating with county departments and stakeholders, and aligning national goals with county objectives.

She has previously served as Principal Accountant for Kilifi and Malindi Municipalities, where she established financial structures and achieved semi-autonomous status, and as Principal Accountant of the Health Services Department, where she initiated the Health Services Improvement Fund and implemented M-Pesa fee collection.

Jacinta's career spans over three decades, including significant roles such as Fund Administrator for the Kilifi County Ward Scholarship Fund, Acting Head of Treasury Accounting, and County Receiver of Revenue. She has worked extensively with local authorities, contributing to audit, revenue management, and financial reforms. She has led projects like the EU co-funded poverty reduction initiative and participated in local government reforms. Known for her strategic planning, team leadership, and financial management skills, Jacinta is highly self-motivated and committed to positive implementation and impact, despite being partially visually impaired (NCPWD/P/585164).



Dr. John Muthini Ndunda
Trustee

John Muthini Ndunda is a seasoned finance and accounting professional with over three decades of extensive experience in public finance administration, revenue collection, and academic instruction. His expertise spans across government service, higher education, and research, focusing on the dynamics of financial management and economic sustainability in Kenya's county governments.

John holds a Doctor of Philosophy in Business Administration (Finance) from Jomo Kenyatta University of Agriculture and Technology. His academic journey also includes a Master's in Business Administration (Finance), a Bachelor of Commerce in Finance, and an Advanced Diploma in Finance and Accounting.

Currently, John serves as the Chief Revenue Officer at the County Government of Nakuru, a position he has held since 2013. He is also a part-time lecturer at Jomo Kenyatta University of Agriculture and Technology, where he teaches accounting and finance courses and provides student guidance.

He is a published researcher with works focusing on financial distress, revenue management, and auditing practices within Kenya's county governments. John's work combines practical experience with scholarly insight, making him a thought leader in county financial administration.



Hon. Phillip Muigei
Trustee

Hon. Philip Muigei is a seasoned financial management professional with over a decade of experience in public finance and accounting. Since 2013, he has significantly contributed to financial integrity and accountability within public sector organizations. His expertise spans cash book postings, expenditure monitoring, bank reconciliations, and financial reporting, ensuring compliance with the Public Finance Management Act and GAAP guidelines. Hon. Muigei is adept at maintaining accurate records, monitoring budget variances, and preparing detailed monthly reports, which provide a transparent view of the organization's financial health. His role also includes managing creditors, examining payment vouchers, and working closely with banks to handle transactions efficiently.

In addition to his technical skills, Hon. Muigei is known for his commitment to ethical practices and safeguarding the organization's assets. He holds a Master's degree in MBA Finance and Financial Management from The Catholic University of Eastern Africa and a Bachelor's degree in Business Management Accounting from Masinde Muliro University. Hon. Muigei's proficiency in IFMIS and other accounting systems, combined with his strong analytical skills and integrity, make him a trusted and reliable figure in the field of financial management. His work in facilitating annual audits and preparing budget adjustments highlights his thorough understanding of public finance management and his dedication to ensuring fiscal responsibility and transparency.

He currently serves as the speaker, Uasin Gishu County Assembly.

THE BOARD OF TRUSTEES (Continued)



P.S. Michael Lenasalon
Trustee

Michael Lenasalon is a seasoned Senior Investigator, with a distinguished career spanning over a decade in fraud investigations, data analysis, and cyber forensics. He holds a Master's degree in Forensic Computing and Cybercrime Investigations from University College Dublin and a Bachelor's degree in Software Engineering from Kenyatta University. Michael has led complex financial and tax fraud investigations, utilizing advanced tools such as IBM i2 Analyst's Notebook, Python (Pandas), Cellebrite, and Autopsy tool.

His expertise extends to digital forensics, malware analysis, and open-source intelligence (OSINT), with a keen focus on using data-driven insights to support prosecution and policy formulation. He has also authored articles on email security and land rights, contributing to national discourse on cybersecurity and community development.

Beyond his professional role, Michael is actively engaged in governance and community leadership. He currently serves as a Board Member of The Samburu Development Trust and is the elected Chairperson of the Loonjorin-Ejuk Community Land, where he oversees land use planning and stakeholder engagement. A dedicated member of the Kenya Cybersecurity and Forensics Association (KCSFA) and an Associate Certified Fraud Examiner, Michael is committed to strengthening ethical standards in investigations and promoting secure digital environments. His leadership roles in community organizations reflect his passion for civic empowerment and inclusive development.

He is currently the Principal Secretary in the State Department of Devolution.



Dan Awendo
Trustee

Dan is an accounting and finance professional with over 30 years' experience in audit, accounting, management consultancy, corporate finance advisory and entrepreneurship. He is a Certified Public Accountant, a Financial Analyst and a graduate of the Advanced Management Program (AMP) from Strathmore Business School and the IESE Business School of Spain.

Mr. Awendo has worked in senior management positions in both local and international companies and is an advisory and substantive board member of various companies in the travel and cosmetic chemical industries in addition to having been a board member of a telecommunications, infrastructure development, private high cost primary school and the Africa International University. He has been a founding board member and Chairman of the Investment Committee of the Youth Enterprise Development Fund, a KSh.5billion fund established by the Kenyan government to fund entrepreneurial development amongst the youth in Kenya. Dan has also been a board member and country treasurer of the Kenya Institute of Management, Chairman of the Enablis Loan Fund Investment Committee and a member of an SME Think Tank organized by FSD, a DFID program.

Dan has also previously been named by The Business Daily as amongst Kenya's "High Impact Entrepreneurs" and also amongst Kenya's "CEOs with Golden Hands". He has also been profiled by The Standard Newspaper as a "Captain of Industry".



Taslim Wason
Co-opted Trustee

Ms. Wason holds a Bachelor's degree in Business Administration (Accounting and Finance Option) from the Kenya Methodist University. She joined NCPD in 2010 after acquiring several years of experience in conducting audits both in public and private institutions.

Ms. Wason is a Certified Public Accountant (CPAK) and a member of Institute of Certified Public Accountants of Kenya (ICPAK). Her training in internal audit was acquired from the Institute of Internal Auditors. She is also a Certified Systems Auditor (CISA, 2010).

CORPORATE ADMINISTRATOR'S TEAM



Dr. Hosea Kili, MBS
Group Managing Director/CEO

Dr. Hosea Kili, MBS is an accomplished advocate of the High Court of Kenya and a distinguished leader in the retirement benefits sector. He holds a Master of Business Administration from the Management College of Southern Africa (MANCOSA), is a Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), a Fellow of the Kenya Institute of Management (KIM), and a member of the Law Society of Kenya (LSK). Dr. Kili also serves as a Council Member of the Africa Social Security Association (ASSA) and is the President of the Association of Pension Trustees and Administrators of Kenya (APTAK).

Over the years, Dr. Kili has earned wide recognition for his outstanding contributions to governance, public service, and institutional leadership. In 2025, he was named Overall Chief Executive Officer (CEO) of the Year at the Internal Audit and Risk Awards, a testament to his unwavering commitment to transparency, accountability, and performance excellence. On 12th December 2024, he was

honoured with the prestigious Moran of the Burning Spear (MBS) by H.E. Dr. William Ruto, CGH, President of the Republic of Kenya, in recognition of his service to the nation.

In 2024, he was recognized as Second Runners-up CEO of the Year at the Council of Governors (COG) Awards. A year earlier, in 2023, he was awarded CEO of the Year in the Retirement Benefits Sector at the Champions of Governance Awards. Dr. Kili is also a past recipient of the Presidential Order of the Grand Warrior of Kenya (OGW), conferred in 2011, and has received multiple accolades including 2nd Runners-up CEO of the Year at the 2012 COYA Awards, Personality of the Year at the 2017 Pension Awards, and CEO of the Year (2nd Runners-up) at the 2017 and 2018 Champions of Governance Awards.

Dr. Kili continues to be a respected voice in the social security and governance landscape, known for his visionary leadership, dedication to institutional transformation, and his enduring impact on the lives of retirees and beneficiaries across Kenya.



Joseph Rono
Senior, Group Executive Director

Joseph Rono is a Finance and Investments professional with over 22 years' experience in the private and public sectors within the East African region. His key areas of expertise include Strategy, finance, and Investments with a special interest in ICT, Strategy formulation, and implementation. Mr. Rono is a recipient of numerous awards, including "Chief Investment Officer of the Year" Award at the 2017 Pension Awards.

He is a Certified Public Accountant (CPA K) and holds a BSc. Mathematics and Computer from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and an MBA in Finance from the University of Nairobi. Mr. Rono was the recipient of the "Manager of the Year" award at the 2019 Company of the Year Awards.



George Okioma
Director, External Pension Administration

George is a Senior Pensions Professional with over 22 years' experience in the establishment, management, and administration of Pension Schemes in Kenya and in the African region. George has gained considerable experience in pensions, particularly in projects involving diagnostic reviews, developing pension policies, developing strategic restructuring plans, remuneration setting, and the administration and implementation of key pension policies.

He is a Member of the Institute of Actuaries (UK) and holds a BSc. Degree in Mathematics & Computer Science from the Jomo Kenyatta University of Agriculture & Technology (JKUAT) and an MSc in Actuarial Science from the University of Nairobi.

CORPORATE ADMINISTRATOR'S TEAM *(Continued)*



Christopher Mitei
Director, Pension & Client Experience

Christopher Mitei is a seasoned professional with 20 years of experience in the pension industry. He has extensive expertise in pension management, policy development, and strategic planning.

He holds an MBA in Strategic Management from the University of Nairobi and a BA in Economics and Business Studies from the Catholic University of Eastern Africa. He is currently pursuing a PhD in Entrepreneurship and Project Management at Jomo Kenyatta University of Agriculture and Technology (JKUAT).



Isaac Mitei
Group Head, Company Secretary & Legal Services

Isaac Mitei is currently the Group Company Secretary and Head of Legal Services. An Advocate of the High Court of Kenya, Isaac Mitei, has over 15 years' experience in the Legal field.

He holds an Honors Law Degree from Moi University and a Diploma in Law from the Kenya School of Law. Isaac is a member of the Law Society of Kenya (LSK) and the Institute of Certified Secretaries of Kenya (ICPSK).



Irene Mbonge
Group Head, Corporate Affairs

Irene is a Chartered Public Relations practitioner with over 14 years' experience in Communication & Corporate Affairs. She holds an MBA in Marketing from the University of Nairobi and a postgraduate diploma in Public Relations from the Chartered Institute of Public Relations (UK).

Irene is a member of the Public Relations Society of Kenya (PRSK), a Standing Committee member of the Africa Social Security Association (ASSA), and serves as a Board member at the ASSA Institute of Social Protection (EISP). She is a member of the Association of Pension Trustees & Administrators of Kenya (APTAK).



Sospeter Thiga
Group Head, Risk & Quality Assurance

Sospeter holds an MBA in Strategic Management and a BA. Economics & Sociology from the University of Nairobi. He is a Certified Public Accountant of Kenya CPA (K), a certified Risk Analyst (CRA), a certified Information System Auditor (CISA), and a Certified Change Management Practitioner (Prosci).

Sospeter is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Sospeter's Risk experience spans over 15 years in Consultancy, Banking, Government, and Pension.

CORPORATE ADMINISTRATOR'S TEAM *(Continued)*



Joshua Moilo
Group Head of Finance

Joshua is a seasoned Finance Professional with over 20 years of experience in Finance and Audit, known for his strong expertise in financial management, strategic planning, and internal controls. He has successfully led the development and implementation of robust financial systems, budget monitoring frameworks, and risk-based control mechanisms.

He holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (Accounting) degree, both from the University of Nairobi. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries (ICS), and the Information Systems Audit and Control Association (ISACA), and a member of Chartered Institute for Securities & Investment (CISI).



Lucy Jerono
Group Head, Human Resource & Administration

Lucy holds an MBA in Human Resource Management from the University of Nairobi, a Bachelor of Arts Degree (Sociology & Economics Option) from Catholic University of Eastern Africa, and a Higher National Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM).

She has over 15 years of comprehensive Human Resource Management experience and Administration. She is a full member of the Institute of Human Resource Management (IHRM) and a Full Member of the Kenya Institute of Management (KIM).



Cornelius Ndumai
Group Head Audit & Compliance

Mr. Ndumai is a Certified Public Accountant with over 15 years' experience in Banking, Finance & Auditing.

He holds an MBA in Finance from the University of Nairobi and a Bachelor of Arts in Accounting. He is an active Member of the Certified Public Accountants of Kenya (CPA-K), the Institute of Internal Auditors of Kenya (IIA-K), and the Information Systems Audit and Control Association (ISACA).

THE CHAIRPERSON'S REPORT



“

LAPTRUST remains steadfast in our mission to provide secure and sustainable retirement benefits for our members while contributing to Kenya's economic development.

”

I am pleased to present this comprehensive update on the Local Authorities Pension Trust (LAPTRUST) Defined Benefit (DB) Scheme, highlighting our achievements and progress during the year ended 31st December 2024.

OUR OPERATING ENVIRONMENT

The year 2024 presented a complex macroeconomic landscape for Kenya, characterized by both challenges and opportunities. Kenya's economy demonstrated remarkable resilience despite facing significant headwinds from global economic uncertainties, climate-related shocks, and domestic fiscal pressures.

According to the Kenya National Bureau of Statistics (KNBS), Kenya's real GDP growth was estimated at 5.6% in 2024, showing steady momentum despite global economic volatility. This growth was primarily driven by robust performance in the services sector, particularly financial services, information and communication technology, and wholesale and retail trade. The agricultural sector, while facing weather-related challenges, showed signs of recovery in the latter half of the year.

The government's focus on fiscal consolidation and debt sustainability measures created a more stable operating environment for institutional investors like LAPTRUST. Key infrastructure projects, including the completion of various road networks and digital infrastructure improvements, enhanced the investment climate and created new opportunities for the scheme's portfolio diversification.

The financial markets experienced moderate volatility throughout 2024, with the Nairobi Securities Exchange showing mixed performance. However, the bond market remained relatively stable, providing consistent returns for fixed-income investments. The Central Bank of Kenya's monetary policy stance remained accommodative while carefully balancing inflation control and growth support.

INFLATION

Inflation management remained a critical challenge throughout 2024, with Kenya experiencing elevated price levels that impacted the cost of living for our members and beneficiaries. According to KNBS data, the annual average inflation rate for 2024 stood at approximately 4.5%, comfortably within the Central Bank of Kenya's target range of 2.5% to 7.5%.

The inflationary pressures were primarily driven by several factors: food and non-alcoholic beverages prices increased by 9.2% year-on-year, reflecting the impact of adverse weather conditions on agricultural production. Energy costs, including fuel and electricity, contributed significantly to the inflation trajectory, rising by 8.1% during the review period. Housing, water, electricity, gas, and other fuel costs increased by 7.3%, while transport costs rose by 6.9%.

Despite these challenges, the Kenya Shilling showed relative stability against major trading currencies in the second half of 2024, helping to moderate inflation. The Central Bank's interventions in the foreign exchange market and improved diaspora remittances, which reached approximately USD 4.9 billion, provided crucial support to the exchange rate stability.

For LAPTRUST, these inflationary trends necessitated strategic adjustments in our investment approach, with increased focus on inflation-hedging assets and careful management of our liability valuations to protect the real value of member benefits.

UNEMPLOYMENT AND LABOUR MARKET

The labour market conditions in 2024 continued to present significant challenges, particularly affecting our member base in the public sector. According to the Kenya National Bureau of Statistics, the national unemployment rate remained elevated at approximately 12.1% in 2024, with youth unemployment reaching concerning levels of over 25%.

The public sector, including county governments and water companies that form our primary membership base, faced staffing pressures due to fiscal constraints and ongoing restructuring initiatives. Many of our sponsoring organizations implemented efficiency measures that impacted employment levels, though this was partially offset by new hiring in essential services and infrastructure projects.

Skills mismatch remained a persistent challenge, with demand for technical and digital skills outpacing supply, while traditional administrative roles faced reduced demand. The government's initiatives in technical and vocational education and training (TVET) showed promise for addressing these gaps in the medium term.

Despite these challenges, the formal sector employment, which directly impacts LAPTRUST membership, showed modest growth of 2.3% in 2024, primarily driven by expansion in county government services and water sector investments. This growth provided a stable foundation for our membership base and contribution inflows.

THE CHAIRPERSON'S REPORT *(Continued)*

ACTUARIAL VALUATION

In line with the requirements of the Trust Deed, an actuarial valuation is conducted at least once every three years to assess the financial health and sustainability of the Scheme. The most recent valuation was undertaken as at 31st December 2021 by ActServe Actuaries, with the resulting report issued in 2022.

The valuation, which was based on the projected unit method, determined that the actuarial present value of past service liabilities stood at Kshs 39,574 million. As at the valuation date, the Scheme's liabilities exceeded its assets by Kshs 7,783 million, translating to a funding level of 80.3% under the base case scenario.

The valuation applied prudent financial assumptions, including:

- A discount rate of 9%
- An assumed salary escalation rate of 5%
- A pension increase rate of 0%
- A 0% increase while in deferment

The Board remains committed to closely monitoring the Scheme's funding position and working collaboratively with stakeholders to ensure the long-term sustainability and adequacy of member benefits.

CORPORATE CITIZENSHIP

LAPTRUST remains committed to upholding its responsibilities as a good corporate citizen by contributing to sustainable development while safeguarding the interests of our members. In 2024, we continued to explore ways to align our operations and investment approach with evolving Environmental, Social, and Governance (ESG) principles.

Preliminary steps were taken to strengthen our ESG framework, with a focus on responsible investment practices and enhanced governance structures. We also considered opportunities to support initiatives that promote environmental sustainability, community welfare, and financial inclusion.

While efforts were made to improve member outreach and stakeholder engagement, we recognize that more can be done, and we remain dedicated to enhancing our impact in these areas in the years ahead.

LAPTRUST continues to uphold its commitment to transparency, regulatory compliance, and continuous improvement in service delivery guided by the values of integrity, accountability, and long-term sustainability.

APPRECIATION

On behalf of the Board of Trustees, I extend our heartfelt gratitude to all stakeholders who have contributed to LAPTRUST's continued success throughout 2024.

To our valued members, beneficiaries, and pensioners, we remain deeply honored by the trust you place in us to safeguard your retirement security. Your continued confidence motivates our commitment to excellence in scheme management and service delivery.

We express our sincere appreciation to our sponsoring employers, including county governments, water companies, and associated organizations, for their unwavering support and commitment to funding the scheme's obligations. Your partnership remains fundamental to our success.

Our gratitude extends to the Retirement Benefits Authority (RBA) for their professional oversight and guidance, which continues to strengthen the retirement benefits industry for the benefit of all members.

I acknowledge the exceptional service provided by our corporate administrator, CPF Financial Services, whose dedication and expertise have been instrumental in achieving our operational objectives and maintaining high service standards throughout the year.

To our professional service providers, including our fund managers, custodians, actuaries, and auditors, we appreciate your continued commitment to excellence and your contribution to our improved performance.

Finally, I express my profound gratitude to my fellow Trustees for their wisdom, dedication, and strategic leadership. Your collective commitment to good governance and member welfare continues to drive LAPTRUST toward greater heights.

As we look toward 2025, LAPTRUST remains steadfast in our mission to provide secure and sustainable retirement benefits for our members while contributing to Kenya's economic development.

May God continue to bless our endeavors.



Winfred Syombua Mbai
BOARD CHAIRPERSON
LOCAL AUTHORITIES PENSION TRUST (LAPTRUST)

CORPORATE ADMINISTRATOR'S REPORT



“

We remain committed to excellence in service delivery, continuous innovation, and securing the retirement prosperity of our members.

”

It is a great pleasure to present to you a review of the performance and operations of the Local Authorities Pension Trust (LAPTRUST Defined Benefits Scheme) for the year ended 31st December 2024.

Despite the challenging economic environment that characterized 2024, including global market volatilities and domestic inflationary pressures, the LAPTRUST Defined Benefits Scheme continued to demonstrate resilience and deliver value to its members. As a closed scheme that ceased admitting new members in June 2011, LAPTRUST remains committed to serving its existing membership until the last beneficiary receives their rightful pension benefits.

SCHEME STATISTICS

The LAPTRUST Defined Benefits Scheme remained closed to new members throughout 2024, with a continued focus on maximizing value for existing members. The scheme effectively managed the natural decline in membership through retirements and withdrawals, while implementing prudent investment strategies and cost containment measures.

As at 31 December 2024, the scheme recorded the following key highlights:

- **Scheme's net assets available for benefit** as at 31 December 2024 stood at **Kshs 28.10 Billion**, up from Kshs 26.99 billion as at 31 December 2023
- **Net change in assets:** Increase of **Kshs 1.11 Billion**
- **Contributions revenue, inclusive of interest on late contributions and actuarial deficit**, increased to Kshs 7.93 billion as compared to Kshs 7.74 billion in the year ended 31 December 2023

Despite significant credit impairment losses, the scheme achieved a notable turnaround in investment returns and contained administrative expenses. This led to an overall increase in net assets during the year under review.

MEMBERSHIP

As at 31st December 2024, LAPTRUST continued to enjoy a strong and stable relationship with its sponsor base, maintaining engagement with **83 active sponsors**. This includes:

- **47 County Governments serving as the primary employers**
- **36 Associated Organizations and other approved entities that form part of our broader sponsor network**

These enduring partnerships have been instrumental in sustaining the Scheme's growth, resilience, and consistent contributions.

Membership Dynamics

The Scheme recorded notable shifts in membership during the year, reflecting the natural progression of members through the pension lifecycle and broader workforce trends.

- Total withdrawals from the Scheme stood at 989, representing a decrease from 1,079 in 2023, a positive indication of improved retention and slowed exits from employment compared to 2023.
- Active membership as at 31st December 2024 was 13,782, compared to 14,771 in the previous year - largely

attributable to normal attrition and exits from employment through retirement.

- Pensioners increased to 9,655 from 9,330 in 2023, underscoring the Scheme's maturity and the successful transition of members into the benefit-drawing phase.

The steady growth of our pensioner population reaffirms LAPTRUST's role as a dependable retirement income provider. It reflects the trust members place in the Scheme to secure their financial well-being post-employment, and highlights our commitment to delivering lifelong value and support.

INVESTMENT PERFORMANCE AND STRATEGY

In 2024, LAPTRUST maintained a disciplined and forward-looking investment strategy aimed at delivering long-term value for our members. Our approach was anchored on robust diversification across asset classes - ranging from fixed income and equities to alternative investments - ensuring a resilient portfolio capable of withstanding market volatilities.

Amid a dynamic economic landscape, we adopted strategic asset allocation adjustments aligned with emerging trends and macroeconomic indicators. This responsiveness allowed the Scheme to optimize returns while safeguarding capital in uncertain conditions. Moreover, we intensified our investment due diligence processes, reinforcing our commitment to prudent asset selection and risk mitigation.

The outcome of this multifaceted approach was a stable investment performance that aligned with our investment objectives, reinforced member confidence, and upheld LAPTRUST's reputation as a trusted pension partner.

OPERATIONAL EXCELLENCE AND SERVICE DELIVERY

2024 marked a year of meaningful transformation in how we serve our members and stakeholders. At the core of our operational priorities was the enhancement of digital platforms, designed to offer members greater access, transparency, and real-time engagement with their pension information. The integration of secure self-service portals significantly improved user experience while reducing turnaround times for routine inquiries.

CORPORATE ADMINISTRATOR'S REPORT (Continued)

OPERATIONAL EXCELLENCE AND SERVICE DELIVERY(Continued)

Additionally, benefit processing procedures were streamlined to enhance efficiency and reduce administrative bottlenecks. This resulted in faster claims settlement and a measurable improvement in member satisfaction levels.

Our communication channels were also significantly upgraded, fostering more responsive and interactive engagement with members and sponsors. Through targeted outreach, feedback loops, and multi-platform updates, we have deepened trust and improved overall service delivery outcomes.

AWARDS AND RECOGNITION

The year 2024 was particularly distinguished for LAPTRUST and CPF Financial Services as we received numerous prestigious awards that recognize our commitment to excellence and innovation in the pension sector.

Champions of Governance (COG) Awards: We are proud to announce that we emerged as the Overall Winner of the Champions of Governance Awards 2024, a testament to our exemplary governance standards and operational excellence. Additionally, we secured:

- **Winner:** Financial Sector Award 2024
- **Winner:** COG Company Secretary of the Year
- **Second Runners-up:** Chairman of the Year
- **Second Runners-up:** CEO of the Year

International Recognition: On the global stage, we achieved remarkable recognition at the **World Pension Summit** in The Hague, Netherlands, where we won the **2024 Excellence and Innovation Judges Award** for our innovative **Echama** solution, powered by Rukisha. This international accolade underscores our position as a leading innovator in pension technology and digital financial solutions.

These awards reflect our unwavering commitment to governance excellence, innovation, and best practices in pension administration and member service delivery. They validate our strategic focus on leveraging technology to enhance member experiences while maintaining the highest standards of corporate governance.

REGULATORY COMPLIANCE AND GOVERNANCE

Throughout 2024, LAPTRUST maintained full compliance with all regulatory requirements set by the Retirement Benefits Authority (RBA) and other relevant authorities. Our governance framework continued to strengthen through:

- Regular board oversight and strategic guidance
- Enhanced risk management protocols
- Transparent reporting mechanisms
- Adherence to international best practices

SUSTAINABILITY

Sustainability for the scheme is more than a corporate initiative; it is a strategic imperative central to our vision of building a resilient, inclusive, and sustainable future. Guided by three interconnected pillars- Environmental Stewardship, Social Responsibility, and Governance Excellence, our approach ensures that environmental, social, and governance (ESG) priorities are integrated into every aspect of our business model, operations, and customer experience.

Customer-Centric Sustainability & Financial Inclusion

Our sustainability journey is rooted in enhancing customer value through responsible innovation. The Scheme continues to ensure resonant channels of communication and value proposition to our members through innovations around our product offering.

Environmental Stewardship

The fund is committed to achieving net-zero carbon emissions by 2050, underpinned by science-based targets aligned with the global goal of limiting warming to 1.5°C.

Key 2024 environmental milestones:

- 78% renewable energy utilization across operations, up from 52% in 2023, a 50% year-on-year improvement
- 72% waste diversion rate from landfills, surpassing the annual 65% target
- Sustainability-linked KPIs integrated into operational scorecards

Social Responsibility

At CPF Group, we recognize that sustainable growth must benefit not just shareholders, but also our employees and communities. Through the CPF Group Foundation, we supported 10 community programs in 2024, reaching over 10,000 individuals.

2024 Foundation Impact:

- Kshs 9 million in aid to older persons welfare was realized.
- Focus areas: Social & Economic Empowerment, Research & Advocacy, Resource Mobilization & Institutional Development

Our people are central to delivering CPF Group's sustainability agenda, and in 2024, we made significant investments in their development. A total of 8,400 hours of technical training were delivered, 200 employees completed the Sustainability Leadership Program, 140 emerging leaders underwent leadership development, and 300 staff were upskilled in digital transformation.

We also achieved a 100% completion rate in safety and compliance training. These efforts were reflected in strong employee satisfaction levels: 91% expressed satisfaction with professional development opportunities, 86% were satisfied with work-life balance, and 93% felt their work contributed meaningfully to our sustainability goals. Women made up 52% of the workforce, with 35% holding leadership roles, and the overall employee satisfaction score stood at an impressive 87%. The disability inclusion rate stood at 1%, while the internal promotion rate was 73%, underscoring employee growth.

Our 2025 partnership with UNDP Kenya is a game-changing initiative to unlock pension capital for climate-smart investments, expand social protection, and promote green economic growth, directly supporting Kenya's Vision 2030 and the UN Sustainable Development Goals (SDGs).

Governance Excellence

Strong governance structures are critical to long-term sustainability. CPF operates under a robust Governance, Risk & Compliance (GRC) framework that reinforces transparency, accountability, and ethical conduct.

2024 Governance Metrics:

- 47 whistle-blower reports handled through our confidential system
- 89% resolution rate within 30 days
- Zero significant data breaches
- 100% compliance with data protection regulations

Our governance framework ensures board-level ESG oversight and monitors progress across ten key areas: climate risk, renewable energy, financial inclusion, ethical governance, diversity, equity and inclusion, employee health and safety, digital transformation, impact investing, stakeholder engagement, and data privacy.

CORPORATE ADMINISTRATOR'S REPORT (Continued)

SUSTAINABILITY (Continued)

Looking Ahead

Our focus remains on leveraging innovation, partnerships, and responsible investment to deliver long-term value. As custodians of pension assets, we believe in using our influence to catalyze sustainable national development, balancing profitability with environmental integrity and social equity. Together with our stakeholders, we are building a future that goes beyond pensions, empowering lives today while safeguarding generations to come.



Karika Food Donation



Muranga Tree Planting



World Earth Day Celebration at Kamukunji

FUTURE OUTLOOK

Looking ahead to 2025, we anticipate:

Economic Environment: Kenya's economic trajectory shows promising signs of recovery and growth. We expect continued government support for pension sector development and regulatory enhancements that will benefit our members.

Technology Integration: We will continue investing in digital transformation initiatives to enhance operational efficiency and member experience. Our focus will be on automation, data analytics, and improved digital touchpoints.

Member-Centric Services: Enhanced financial literacy programs and retirement planning support will remain priorities as we help our members optimize their retirement outcomes. **Investment Opportunities:** We will explore diversified investment opportunities while maintaining our risk management standards, ensuring sustainable returns for our members.

Regulatory Evolution: We anticipate continued regulatory developments in the pension sector and remain committed to maintaining compliance while advocating for member interests.

APPRECIATION

I extend my sincere gratitude to the Board of Trustees for their unwavering commitment and strategic leadership throughout 2024. Their guidance has been instrumental in navigating the challenges and opportunities that defined the year.

To our esteemed members and sponsors, thank you for your continued trust and support. Your commitment to the scheme's objectives enables us to fulfill our mandate of securing your retirement future.

I also acknowledge our dedicated team at CPF Financial Services Ltd and our professional service providers, whose expertise and dedication ensure the smooth operation of the scheme.

As we look toward 2025, we remain committed to excellence in service delivery, innovation in our approaches, and unwavering dedication to securing the retirement prosperity of our members.

Thank you all.

Dr. HOSEA K. KILI, MBS
Group Managing Director/CEO
CPF Financial Services Ltd
The Scheme Corporate Administrator

CORPORATE GOVERNANCE STATEMENT

LAPTRUST, through its Board of Trustees, is committed to the adoption and implementation of the highest level of corporate governance in the management of the Scheme for the benefit of its members and stakeholders. To that end, the Board has instituted systems and structures towards ensuring that the highest standards of corporate governance, business ethics and regulatory compliance are adhered to. Indeed, the Board of Trustees has adopted the following principles of corporate governance:

- Establishing the Scheme's Core values and strategy.
- Ensuring appropriate competencies and an appropriate skills mix within the Board and Administrator staff.
- Well-articulated Board and Administrator duties and accountabilities.
- Establishment of independent Board Committees and undertaking annual board evaluations.
- Recognizing the legitimate interests of all stakeholders through transparent communication.
- Optimizing investment returns through the adoption of strategies that enable and promote the long-term success of the Scheme.
- Establishment of a robust risk management and internal control framework for the assessment and management of risks effectively
- Observation of high standards of ethical and moral behavior.

The primary role of the Board is to set the strategic direction of the Scheme as well as put in place structures, systems, and procedures that provide the necessary oversight in the management of the Scheme. In recognition of this role, the Board of Trustees of the Scheme has adopted best practice guidelines, in line with the Retirement Benefits (Good Governance Practices) Guidelines 2018, Mwongozo Code of Conduct and international best practices, aimed at strengthening the Scheme and providing necessary guidelines to uphold the highest governance, legal and ethical standards.

THE GOVERNANCE AND LEADERSHIP MANUAL (BOARD MANUAL)

The Governance and Leadership Manual (Board Manual) is read in conjunction with the Local Authorities Pensions Trust Rules (Legal Notice No.50 of 2007), Legal Notice 136 of 2010, the Trustees (Perpetual Succession) Act Cap 164 of the Laws of Kenya, various Principles of Corporate Governance.

The Board Manual is the reference guide for all matters governance and explicitly establishes the following:

- The Corporate governance framework.
- The individual and collective responsibilities, powers,

duties, obligations, and the liabilities of the trustees.

- The strategic role involves making significant decisions regarding the Scheme's strategies.
- Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees.
- Policies and practices of the Board on matters of Corporate Governance, Trustees' declarations and conflict of interest, conduct of Board and Board Committee Meetings.
- The policies and practices aimed at ensuring the Scheme's operations always meet the expectations of all stakeholders.
- Powers delegated to the Board Committees.
- Matters reserved for final decision-making and approval by the Board.

THE BOARD OF TRUSTEES

The Board is a body corporate registered as 'Local Authorities Pension Trust Registered Trustees' under the Trustees (Perpetual Succession Act Cap 164 of the Laws of Kenya with perpetual succession and common seal capable of;- Suing and being sued, acquiring, holding, charging and disposing of moveable and immovable property; borrowing money and entering into contracts.

The Board of Trustees is the Scheme's governing body and is responsible for the governance of the Scheme. Under the Law of Trusts, the Trustees are the legal owners of the Assets of the Scheme on behalf of the members and other beneficiaries. The Scheme's Corporate Administrator, M/s CPF Financial Services Limited, undertakes the day-to-day running of the scheme under the delegated mandate of the Board.

The Board of Trustees is constituted in accordance with the Local Authorities Pensions Trust Rules (Legal Notice No 50 of 2007) as modified from time to time in accordance with the Regulations issued by the Retirement Benefits Authority. The composition of the Board is as prescribed under Rule 14 of the said Legal Notice, as amended by Legal Notice No.136 of 2010. The evaluation for appointment of qualified persons to be trustees is a function of the Board and is done through a well-managed and effective process to ensure that there is a balanced mix of representative and skilled individuals for purposes of adding value to the Scheme's strategic and policy decision making process for the betterment of the Scheme's members.

The members of the Board during the year were as outlined in Table 1 below:-

NO.	NAME	REPRESENTATION	DATE OF APPOINTMENT
1.	Teresia Mbaika	Principal Secretary in the Ministry of Devolution	01.07.2023 – Exited on 06.05.2025
2.	Hon. Mutahi Kahiga	Council of Governors	01.07.2023
3	Winfred Syombua Mbai	Water Service Providers Association	28.08.2020 - Serving 2nd term
4.	Philip Muigei	County Assemblies Forum	10.04.2024
5.	Matilda Kimetto	Kenya County Governments Workers Union	28.08.2018 – Exited on 05.09.2024
6.	Peter Kitesho Musa	Kenya County Governments Workers Union	06.11.2018 - Exited on 19.04.2024
7.	Dan Awendo	Finance, Investments and Retirement Benefits Consultant	22.04.2022 – Re-appointed on 06.05.2025
8.	Jacinta Ismael	Kenya County Pensioners' Association	01.07.2023
9.	John Ndunda	Kenya County Governments Workers Union	13.12.2024
10.	Dr. Hosea Kili MBS	CPF Financial Services Ltd (Administrator)	19.04.2007

CORPORATE GOVERNANCE STATEMENT (Continued)

BOARD OF TRUSTEES RESPONSIBILITIES

The primary role of the Board is to ensure long-term wealth and prosperity of the Scheme for the benefit of members/customers, employees, sponsors and other stakeholders. In addition, the Board is responsible for the following:

- Development and formulation of the Scheme's strategy and principles of investments.
- Review and evaluation of the Scheme's service providers, including the Administrator, Fund Managers, Custodians among others.
- Periodic formulation of policies.
- Approval of the annual budget, procurement plan and the financial statements.
- Ensuring that the Scheme adheres to high standards of ethics and corporate behavior in addition to ensuring compliance with the Constitution of Kenya, applicable laws, regulations and policies.
- Ensuring that the Scheme has appropriate risk management and regulatory compliance policies in place.
- Scheme administration, payment of benefits to persons entitled to such benefits under the Scheme Rules.
- Providing effective leadership in collaboration with the Administrator.
- Ensuring that the relevant audits – financial, legal and governance are conducted.
- Protection of the property and assets of the Scheme.

The Board generally meets four times a year (once every quarter) and additionally, when necessary, to consider all matters relating to the overall control, business performance and strategy of the Scheme and in succession planning. Below is a summary of the Board meetings held in the year under review and the attendance of each meeting; -

ATTENDANCE AT STATUTORY & SPECIAL MEETINGS IN 2024

No.	Name	27.03	28.05	28.08	18.09	25.11
1.	Winfred Mbai	√	√	√	√	√
2.	Philip Muigei		√	√	√	√
3	Matilda Kimetto	√	√	√		
4.	Dr. John Ndunda	Joined Board in 2025				
5.	Peter Kitesho	√	√	√	√	√
6.	Dan Awendo	√	√	√	√	√
7.	Dr. Hosea Kili, MBS	√	√	√	√	√
8.	Hon. Mutahi Kahiga	√	√	√	√	√
9	Teresia Mbaika	√	√	√	√	√
10.	Jacinta Ismael	√	√	√	√	√

The Chairman chairs the Board, whereas the Corporate Administrator provides secretarial services and handles the day-to-day management aspect of the Scheme.

KEY BOARD ACTIVITIES IN THE YEAR 2024

During the year under review, the key areas of focus for the Board's activities included but were not limited to the following;

1. Reviewing the status of implementation of the Scheme's Strategic Plan (2024-2028).
2. Reviewing and approving the Scheme's budget and procurement plan and monitoring the Scheme's activities against the approved budget and procurement plans.
3. Reviewing and monitoring the Scheme's statutory and regulatory compliance.

4. Monitoring the Scheme's internal controls.
5. Discussed and improved the Board's understanding of key risks facing the Scheme and its affiliated entities.
6. Discussed the risks and mitigations that the Scheme was exposed to, including changing legal framework in the Scheme's operating environment as well as the huge debt owed to the Scheme by the County Governments.
7. Reviewed and monitored the significant litigation cases and their liability to the Scheme.
8. Discussed the Board evaluation report for the year 2024 and the recommendations thereof.
9. Approval of the Board's annual calendar and work-plan.
10. Review and evaluation of the Scheme's performance.
11. Approval of the Audit fees for the external auditor.
12. Engagement with stakeholders including members, the regulator and service providers.

BOARD CHAIRMAN

The Board of Trustees elects the Chairman in accordance with the Board Manual as read together with the Local Authorities Pensions Trust Rules (Legal Notice No.50 of 2007). As part of good corporate governance, the board has ensured that the roles and responsibilities of the Chairman are distinct and separate from those of the Administrator of the Scheme, which creates the necessary independence in the discharge of respective responsibilities.

The Chairman is responsible for the overall Board leadership and its effectiveness. The Chairman sets the agenda for board meetings and chairs all board meetings and annual general meetings. The Chair ensures that all key tasks of the Board are achieved satisfactorily and maintains an independent working relationship with the Administrator of the Scheme.

Additionally, the role of the Chairman includes facilitating the effective contribution of all trustees and promoting communication and respectful relations between the Board and other stakeholders.

BOARD INDEPENDENCE

The Board has set a structure and standards to ensure the Trustees are independent. The fundamental premise of the standards is that any Trustee is free of any business or other relationship that could materially interfere with the exercise of their independent judgment.

The roles of the Trustees and the Scheme Corporate Administrator are separate. The Board Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board decisions. The Scheme Corporate Administrator is responsible to the Board and takes responsibility for the effective and efficient management of the Scheme. The Board evaluates the performance of the Scheme Corporate Administrator to ensure this is in tandem with the principal objectives of the Scheme.

BOARD COMMITTEES

The Board Committees are constituted by the Board in accordance with the provisions of the Trust Deed & Rules (L.N 50 of 30th March 2007) as well as the Board Manual, which sets out the responsibilities delegated by the Board to the Committee and the Committee's structure and operation.

In the year under review, there were three permanent Committees (namely the Procurement, Investments and Projects Oversight Committee, Finance, Strategy and Operations Committee and Audit, Risk and Governance Committee) to assist in the execution of its responsibilities. Each Committee reports to the Board.

CORPORATE GOVERNANCE STATEMENT (Continued)

BOARD COMMITTEE(Continued)

The role of a committee is to operate within the terms of its charter and to make recommendations to the Board for ratification or to determine on behalf of the Board certain matters with prior approval of the Board. Each Committee meets regularly under the terms of reference set by the Board in its respective Committee Charters.

The details of each Committee including composition and roles are as set out below:-

1. Procurement, Investments & Projects Oversight Committee

As at 31st December 2024, the Procurement, Investments and Projects Oversight Committee comprised four Trustees. It was mandated to formulate and review investments, procurement policies and approve the Scheme's annual procurement plan in accordance with the Internal Procurement Policies. Additionally, the Committee continued to report to the Board after every Committee meeting.

Membership of the Committee:

1. Mr. Peter Kitesho - Chairperson
2. Dr. Hosea Kili, MBS - Member
3. Mr. Dan Awendo - Member
4. Hon. Teresia Mbaika- Member

ATTENDANCE OF MEETINGS IN 2024

No.	Name	07.02	08.05	07.08	06.11
1.	Peter Kitesho Musa	√	√	√	√
2.	Dan Awendo	√	√	√	√
3.	Hosea Kili	√	√	√	√
4.	Teresia Mbaika	√	√	√	√

2. Finance, Strategy & Operations Committee

As at 31st December 2024, the Finance, Strategy and Operations Committee comprised of four Trustees. The Committee's mandate is to review and make recommendations on the Scheme's financial and accounting policies, review and make recommendations on the Scheme's annual Budget, oversight of the overall Investment policy of the Trust and deliberate and consider the Fund & Custodian Managers' quarterly reports. The Committee continued to report to the Board after every Committee meeting.

The Committee comprised of the following members:

1. Mr. Dan Awendo - Chairperson
2. Mr. Peter Kitesho - Member
3. Dr. Hosea Kili, MBS - Member
4. Hon. Mutahi Kahiga - Member

ATTENDANCE OF MEETINGS IN 2024

No.	Name	08.02	08.05	07.08	06.11
1.	Dan Awendo	√	√	√	√
2.	Peter Kitesho	√	√	√	√
3.	Hosea Kili	√	√	√	√
4.	Mutahi Kahiga	√	√	√	√

3. Audit, Risk and Governance Committee

This committee is comprised of Two (2) Trustees and One (1) co-opted member. It is mandated to provide oversight over the Laptrust DB Scheme's process and systems of governance, risk management, controls, compliance, audit management and integrity of the financial statements. The committee provides oversight over corporate governance, risk management, controls, compliance, internal audit process, financial and accounting reporting and external audit process. The Committee continued to report to the Board after every Committee meeting.

The Committee is comprised of the following members.

1. Ms. Matilda Kimetto - Chairperson
2. Mr. Jacinta Ismael - Member
3. Ms. Taslim Wason – Co-opted Member

ATTENDANCE OF MEETINGS IN 2024

No.	Name	06.02	25.03	07.05	06.08	05.11
1.	Matilda Kimetto	√	√	√	√	-
2.	Taslim Wason	√	√	√	√	√
3.	Jacinta Ismail	√	√	√	√	√

INFORMATION SHARING

Keeping up-to-date with key business developments is essential for the Trustees to maintain and enhance their effectiveness. From time to time the Board, through the relevant Board Committee, receives presentations from the Fund Managers, Custodians, Actuary, Administrator, Property Managers and Legal Advisors on matters of significance. The corporate strategy, financial plans, including budgets and forecasts are regularly discussed at Board meetings.

BOARD INDUCTION

Upon joining, the Board members receive a detailed induction which provides an overview of the Scheme, including regulatory changes, the composition of the Board of trustees, the roles and responsibilities of the trustees and most importantly, the key issues affecting the Scheme. As part of the induction training, detailed presentations by the Administrator are factored in, to enable the trustees to gain a good sense of the Scheme's affairs.

BOARD TRAINING AND DEVELOPMENT

The Board ensures that all the trustees undergo regular training and education to enable them to fulfill their responsibilities as well as keep abreast with emerging trends in the pension industry. Every year, the Group Company Secretary, in liaison with the Board, carries out a Trustees training needs analysis and prepares a training calendar to be implemented during the year.

During the year under review, various trustees undertook different capacity-building initiatives, ranging from leadership, corporate governance, regulatory compliance, and strategy, through both physical and virtual trainings in line with the identified training needs analysis for the individual trustees.

In addition, the Board and its committees receive regular briefings on various issues that directly impact the operations of the Scheme.

The trustees have also been trained on the Mandatory Trustees Certification Training as per the Retirement Benefits Authority's requirements.

CORPORATE GOVERNANCE STATEMENT (Continued)

BOARD TRAINING AND DEVELOPMENT (Continued)

The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Trustee.

BOARD EVALUATION

In line with good corporate governance, the Board undertook a 360-degree evaluation of the Chairman by the individual Trustees, each Trustee by the Chairman, CEO of the administrator by all Trustees and peer evaluation of each Trustee. Some of the key areas covered in the evaluation included Board structure and composition, Board Processes and accountability, Chairman's leadership, communication and relationship with the Board, Board composition and operations of the Committees, Strategy and Financial matters and performance and stakeholder engagement among others.

The feedback from the evaluation is used to identify opportunities to improve the performance of the Board and the individual Trustees

GOVERNANCE AND LEGAL AUDITS

The Scheme undertook a Governance Audit, which was conducted by an independent consultant. The Governance Audit report was adopted by the Board and the report further confirmed that the Board has put in place a sound governance framework that complies with legal and regulatory frameworks, in addition to being in line with the best global governance practices.

The Scheme also undertook a Legal Audit to ascertain the level of adherence to applicable laws and regulations. The findings of the audit confirmed that the Scheme was generally in compliance with the applicable laws and regulations.

CONFLICT OF INTEREST

The Board is conscious of its responsibilities to members, service providers, and other stakeholders, and as such, at the beginning of every meeting, the Trustees sign a declaration of conflict of interest, which indicates that they do not have any interest in the agendas to be discussed in the meeting. In other circumstances, all members of the Board are required to declare any conflict of interest with the Chair of the Board

CODE OF CONDUCT

The Board of Trustees observes rules and regulations governing the Conduct of Trustees as contained in the Board manual. Each Trustee is bound by the overriding fiduciary duty to act in good faith in the pursuit of the best interests of members of the Fund. The Trustees derive their authority and position from a legitimate nomination procedure and operate within the framework of a collective Board.

STAKEHOLDER ENGAGEMENT

The Scheme is committed to maintaining mutually beneficial engagements with all stakeholders. This is achieved through consultation, involvement, collaboration, and empowerment as may be appropriate. The Board has developed a stakeholder engagement policy. The policy identifies the key stakeholders, their interests, information disclosure and frequency, key strategic priorities for improving stakeholder relationships and conflict management. This is done through quarterly newsletters, annual audited accounts, Annual General Meeting, Pension Committees, customer service events, among others.

REPORT OF THE TRUSTEES

RISK MANAGEMENT STATUS

The LAPTRUST Defined Benefit (DB) Scheme continues to prioritize the long-term financial security of its members. However, 2024 was a pivotal year, exposing systemic vulnerabilities and creating an urgent need to reassess the sustainability and resilience of the Scheme. A combination of internal financial strain and external regulatory and economic shifts has brought core risks to the forefront, demanding strategic intervention.

TOP RISKS 2024

- 1. Proposed Reduction of Retirement Age to 55 Years:** The debate on lowering the mandatory retirement age from 60 to 55 years gained momentum in 2024, driven by efforts to create employment opportunities for younger professionals. While this proposal aimed to rejuvenate the workforce, it posed significant risks to the Scheme, including reduced working years would lead to lower accumulated savings for members, longer retirement durations which would strain the Scheme's payout obligations, and members could face diminished retirement incomes, necessitating enhanced financial planning tools and education campaigns. The Scheme actively engaged policymakers to advocate balanced reforms while preparing contingency plans, such as incentivizing voluntary contributions and promoting annuity products.
- 2. Financial Resilience and Sustainability Risks :** The Scheme ended 2024 with an actuarial deficit of KES 7.8B, representing a significant risk to the long-term ability to meet pension obligations. This shortfall was worsened by a high debt burden, rising inflation, and currency depreciation, which collectively strained the Scheme's solvency and heightened the risk of default.
- 3. Strategic Investment Risks:** As of 2024 the Scheme's asset allocation was heavily skewed, with approximately 29.46% invested in illiquid property assets. With limited rental income growth and declining occupancy rates, the Scheme struggled to generate adequate returns. As a closed scheme, its inability to attract new contributions has further exacerbated liquidity concerns, making asset liquidation an immediate priority.
- 4. Legal and Regulatory Risks:** From a regulatory standpoint, the implementation of the NSSF Act, 2013, introduced new contribution and administrative requirements that altered sponsor and member expectations. Tax policy changes also increased compliance burdens and affected net returns. These developments call for structural reforms, including potential transitions to hybrid or defined contribution schemes.
- 5. Member and Stakeholder Dissatisfaction Risks:** Stakeholder trust was impacted by delayed benefits and limited communication regarding the Scheme's financial health. Grievances rose significantly, highlighting the need for improved transparency and member engagement. In response, measures were initiated to enhance communication, benefit processing, and governance disclosures, culminating to an NPS of 66, surpassing the strategic target of 40 set for 2024.

2025 OUTLOOK

Despite the challenges, 2025 presents opportunities. Regulatory consolidation may pave the way for strategic partnerships or mergers. Infrastructure bonds and improved tax clarity offer investment prospects. However, macroeconomic instability, demographic pressures, and digital transformation costs remain pressing concerns.

To navigate forward, the Scheme is prioritizing asset reallocation, debt restructuring, and deficit management. Immediate actions include liquidating non-performing assets, engaging with sponsors to bridge funding gaps, and enhancing member communication channels. Strengthening governance and risk oversight will be crucial to restoring financial health and securing retirement benefits for members.

In conclusion, while 2024 exposed serious risks, it also created a foundation for decisive reform. Through prudent financial management, structural realignment, and proactive stakeholder engagement, the LAPTRUST DB Scheme aims to ensure long-term sustainability and resilience.

The Trustees present their report together with the audited financial statements of Local Authorities Pension Trust (the "Scheme") for the year ended 31 December 2024.

ESTABLISHMENT, NATURE AND PURPOSE OF THE SCHEME

The Local Authorities Pension Trust , formerly Kenya Local Government Officers Superannuation Fund was established under the Local Authorities Pension Trust Rules, Legal Notice No. 50 of March 2007 .

The Scheme is an umbrella retirement benefits scheme and was registered with the Retirement Benefits Authority on 11 April 2007.

The Scheme is a defined benefits scheme and provides, under the rules of the Scheme, retirement benefits for the staff of the defunct local authorities and now county governments , associated organizations, and approved reciprocating bodies as provided in the Scheme's rules. It is a tax-exempt approved scheme under the Income Tax Act.

The principal objective of the Scheme is to provide pension and other retirement benefits to employees of the sponsors and other individual and associated members of the Scheme upon their retirement from service and relief for the dependents of the deceased employees .

REPORT OF THE TRUSTEES (Continued)

RESULT FOR THE YEAR

The results for the Scheme for the year ended 31 December 2024 are as follows :

	2024 Shs'000	2023 Shs'000
Net surplus from dealings with members	4,208,109	3,955,128
Net (loss)/returns on investments	3,798,808	(693,927)
Administrative expenses	(1,587,884)	(1,852,104)
Credit impairment losses	(5,305,184)	(5,678,000)
Increase/(Decrease) in Net Assets during the year	1,113,849	(4,268,903)

MEMBERSHIP

The Scheme has 83 sponsors comprised of 47 employers, who are the County Governments, 36 associated organizations and other approved reciprocating bodies.

The Scheme's membership was as follows:

Active Members

Contributing or Active Members	2024	2023
At start of year	14,771	15,842
Withdrawals	(989)	(1,071)
At end of year	13,782	14,771

MEMBERSHIP (continued)

Pensioners

	2024	2023
At start of year	9,330	8,843
Contributing members who retired	742	1,007
Widows/widowers/children	57	51
Deaths & trivial Pension	(474)	(571)
At end of year	9,655	9,330

Trivial pensioner is a pensioner who receives monthly pension that is below the minimum wage.

CONTRIBUTIONS

The contribution rates are expressed as a percentage of the employees' basic salary and housing allowance. Rates in use for the year ended 31 December 2024 and 31 December 2023 were:

Employer	15%
Employee	12%

CUSTODY SERVICES

Custodial services are provided by Standard Chartered Security Services Limited, Equity Bank Limited Custody Services and Kenya Commercial Bank Limited Custody Services.

REPORT OF THE TRUSTEES (Continued)

ACTUARIAL VALUATION

The Trust's Deed requires that an actuarial valuation be carried out at least once every three years. An actuarial valuation was last carried out as at 31st December 2021 by ActServe Actuaries and an actuarial valuation report was issued in 2022.

The valuation was performed using the projected unit method. The actuaries estimated that the actuarial present value of past service liabilities amounted to Shs 39.574 million at 31st December 2021, and that the value of Scheme liabilities exceeded the assets by Shs 7,783 million at that date using the base case scenario with a funding level of 80.3%.

The financial assumptions adopted for the valuation included the following:

Rate of discount	9%
Rate of salary escalation	5%
Rate of pension increas	0%
Rate of increase while in deferment	0%

GOVERNANCE DISCLOSURES

Name of Trustee	Age	Category (Member-elected/Sponsor nominated Professional)	No of Meetings Attended	Certified (Yes/No)	Highest qualification	Membership of Other Boards
Winfred Syombua Mbai	40	Sponsor Nominated	5	Yes	MBA-Strategic Management and Leadership	✓
Teresia Mbaika Malokwe	39	Sponsor Nominated	9	Yes	Master of Science Degree - Health Economics and Policy	✓
H.E Governor Kahiga Mutahi	64	Sponsor Nominated	9	Yes	Master-Education	✓
Matilda Kimetto exited in September 2024	50	Sponsor Nominated	5	Yes	B.A - Business Administration	✓
Peter Musa Kitesho	42	Sponsor Nominated	13	Yes	Bachelor of Science - Human Resour	✓
Dan Awendo	54	Sponsor Nominated	13	Yes	Advanced Management	✓
Jacinta Tre'sa Ismail	62	Sponsor Nominated	8	Yes	MBA-Finance	✓
Dr. Hosea Kili,MBS	62	Sponsor Nominated	13	Yes	Ph.D in Development Studies	✓
Taslim Wason	51	Sponsor Nominated	4	Yes	BBA-Accounting and Finance Option	✓
Hon. Philip Muigai	36	Sponsor Nominated	2	Yes	MBA- Financial Management	✓

Committee Name	No of meetings held (excluding special purpose meeting)	Any external advisors, invitees to meetings
The Procurement, Investments & Projects Oversight Committee	4	<p>07.02.2024</p> <ul style="list-style-type: none"> Victor Odendo - KGB Esther Kariuki - KGB Sheila Odera - EQUITY George Mwangi - EQUITY John Kihara - OLD MUTUAL Esther Muchai - ICEA LION Florence Nduba - KGB Julliet Mugambi - STANCHART Einstein Kihanda - ICEA LION <p>08.05.2024</p> <ul style="list-style-type: none"> Jeff Peters - KCB Esther Kariuki - KCB John Kihara - OLD MUTUAL Nicholas Sang - OLD MUTUAL Sheila Odera - EQUITY George Mwangi - EQUITY Einstein Kihanda - ICEA LION Esther Muchai - ICEA LION Paul Ngomba - KCB Gideon Chokah - STANCHART

GOVERNANCE DISCLOSURES (Continued)

Committee Name	No of meetings held (excluding special purpose meeting)	Any external advisors, invitees to meetings
The Procurement, Investments & Projects Oversight Committee	4	07.08.2024 <ul style="list-style-type: none"> Elizabeth Mwanzighe - KCB David Gitau - KCB Victor Odendo - KCB Nicholas Sang - OLD MUTUAL Dorcas Mwangi - EQUITY George Mwangi - EQUITY Einstein Kihanda - ICEA LION Esther Muchai - ICEA LION Elizabeth Mwanzighe - KCB Rachel Wambani - STANCHART 06.11.2024 <ul style="list-style-type: none"> Esther Muchai - ICEA LION Einstein Kihanda - ICEA LION J ohn Kihara - OLD MUTUAL Paul Ngomba - KCB Rachael Wambani - STANCHART Dorcas Mwangi - EQUITY David Gitau - KCB Esther Kariuki - KCB

Channel/Methodology Used	Date Held	No of Members	Region	Comments
Physical Meeting	05/08/2024 - 09/08/2024	4900	Homa Bay County	Member Sensitization
Physical Meeting	17/03/2024 - 21/03/2024	140	Kisumu County	Member Sensitization
Physical Meeting	09/5/2024	150	Turkana County	Member Sensitization
Physical Meeting	11/03/2024 - 15/03/2024	700	Elgeyo Marakwet County	Member Sensitization
Physical Meeting	01/07/2024- 05/07/2024	100	West Pokot County	Member Sensitization
Physical Meeting	12/03/2024 -16/03/2024	144	Baringo County	Member Sensitization
Physical Meeting	19/02/2024 - 23/02/2024	600	Uasin Gishu County	Member Sensitization

FINANCIAL PERFORMANCE

The Scheme's net assets available for benefit as at 31 December 2024 was Shs 28.10 billion, from Shs 26.99 billion as at 31 December 2023, representing an increase of 4.12%. This is slightly above the target level of Shs 27.51 billion. The increase in net assets for the year was Shs 1.11 billion compared to prior year decrease of Shs 4.268 billion. The increase was majorly attributed to a tremendous, improved return on investment as compared to negative returns in the prior year. Fair value gain on investments increased to Shs 1.2 billion from a loss of Shs 1.3 billion in 2023, an increase of 214%

However, this fund was further diluted by additional provisions for the outstanding contributions from sponsors totaling Shs 5.31 billion made during the year (2023: Shs 5.68 billion).

Contributions revenue inclusive of interest on late contributions and actuarial deficit increased by 2.35 % to Shs 7.93 billion at 31 December 2024 as compared to Shs 7.74 billion in the year ended 31 December 2023. The increase is due to increased arrears and interest receivable thereof.

Under the terms of their appointment, the investment managers are responsible for day-to-day management of investment funds. However, the overall responsibility for investment and performance outcomes lies with the Trustees.

	2024		RBA%	2023		RBA%
Categories of assets	Value	%	maximum	Value	%	maximum
	Shs'000		requirement	Shs'000		requirement
Investment portfolio						
Cash and bank balances	863,112	2.85%	5%	325,843	1.15%	5%
Short term deposit	663,967	2.19%	30%	863,860	3.04%	30%
Government Securities	11,642,071	38.39%	70%	7,986,350	28.11%	70%
Corporate bond	49,246	0.16%	30%	50,021	0.18%	30%
REITS	4,797,128	15.82%	30%	6,335,378	22.30%	30%
Quoted investments	1,986,405	6.55%	70%	1,454,624	5.12%	70%
Unquoted investments	2,122,122	7.00%	5%	2,214,956	7.80%	5%
Immovable property	7,928,226	26.15%	30%	8,940,656	31.47%	30%
Private Equity	190,734	0.63%	5%	202,956	0.71%	5%
Offshore Investments	78,584	0.26%	15%	37,815	0.13%	
Other investments	2,212	0.01%		1,810	0.01%	
Totals	30,323,807	100%		28,414,269	100%	
Other assets	2,823,527			2,786,838		
Total assets	33,147,334			31,201,107		

Other assets relate to principal pension contributions and accrued interest on contribution receivable net of provisions and were all due from the sponsors as at end of the year.

Unquoted investments include investment in unquoted shares of Shs 649,838,000 (2023: Shs 742,672,000) in Family Bank Kenya Limited, Shs 1,458,402, 120 (2023: Shs 1,458,402,120) investment in subsidiary company, CPF Financial Services Limited and Shs 13,881,800 (2023: 13,881,800) in Consolidated Bank of Kenya.

We confirm that there is no self-investment, Scheme assets used as security or collateral on behalf of the employer or any connected business or individual.

FINANCIAL PERFORMANCE (Continued)

Trustees

The Trustees are nominated by the stakeholders and appointed by the Cabinet Secretary, Devolution and Arid and Semi-Arid Land (ASAL) for a term of three years in accordance with RBA Act and Scheme rules and regulations. The names of the current Trustees are shown on page 5.

Terms of Appointment of The Auditor

PricewaterhouseCoopers LLP continues in office in accordance with the Retirement Benefits Act.

Signed on behalf of Trustees


Trustee signature
Dr. Hosea Kili, MBS
Trustee Name


Trustee signature
Winfred Mbai
Trustee Name

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 require the Trustees to prepare financial statements for each financial year that give a true and fair view of the financial position of the Scheme as at the end of the financial year and of its changes in net assets available for benefits for that year. The Trustees are responsible for ensuring that the Scheme keeps proper accounting records that are sufficient to show and explain the transactions of the Scheme; disclose with reasonable accuracy at any time the financial position of the Scheme; and that enables them to prepare financial statements of the Scheme that comply with prescribed financial reporting standards and the requirements of the Retirement Benefits Act. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. The Trustees also accept responsibility for:

- i. designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. selecting and applying appropriate accounting policies and then applying them consistently; and
- iii. making accounting estimates and judgements that are reasonable in the circumstances.

The Trustees are of the opinion that the financial statements give a true and fair view of the net assets available for benefits and changes in net assets available for benefits and the cash flows in accordance with IFRS Accounting Standards and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

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

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

Approved by the Board of Trustees on 28th March 2025 and signed on its behalf by:



Trustee signature

Dr. Hosea Kili, MBS

Trustee Name



Trustee signature

Winfred Mbai

Trustee Name



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

to the members of Local Authorities Pension Trust

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Local Authorities Pension Trust (the "Scheme") set out on pages 33 to 62 which comprise the statement of net assets available for benefits at 31 December 2024 and the statements of changes in net assets available for benefits and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of Local Authorities Pension Trust as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Scheme in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other Information

The 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 other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITOR'S REPORT

to the members of Local Authorities Pension Trust (Continued)

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees .
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements , including the disclosures , and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

FCPA Richard Njoroge, Practicing Certificate Number 1244
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP Certified
Public Accountants
Nairobi

28th March 2025



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2024 Shs'000	2023 Shs'000
Contributions and Withdrawals			
Contributions	4	7,927,075	7,745,251
Transfers Out	5	(30,785)	-
Benefits Paid	5	(3,688,181)	(3,790,123)
Net Surplus from dealings with members		4,208,109	3,955,128
Return On Investments			
Investment Income	6	2,465,484	1,715,478
Net Loss on realization of Investments	7	(52,531)	(52,595)
Other Income	8	2,412	13,328
Investment Management Expenses	9	(472,923)	(395,948)
Net Fair Value Gain/(Loss) on Investments	12	1,203,551	(1,368,585)
Fair Value Gain/(Loss) on Investment Property	26	652,815	(605,605)
Net Gain/(Loss) on Investments		3,798,808	(693,927)
Administrative Expenses	11	(1,587,884)	(1,852,104)
Credit Impairment Losses	20	(5,305,184)	(5,678,000)
Increase/(decrease) in Net Assets for the year		1,113,849	(4,268,903)
Net Assets at start of the year		26,995,407	31,264,310
Net Assets at the end of the year		28,109,256	26,995,407

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

Assets	Notes	2024 Shs'000	2023 Shs'000
Bank Balances	13(a)	863,112	325,843
Short Term Deposits	14	663,967	863,860
Government Securities (Treasury Bonds)	16	11,642,071	7,986,350
Real Estate Investment Trust	17	4,797,128	6,335,378
Corporate Bond	18	49,246	50,021
Receivables and Accrued Income	19	2,823,527	2,786,838
Quoted Investments	24	1,986,405	1,454,624
Private Equity	29	190,734	202,956
Unquoted Investment	25	2,122,122	2,214,956
Investment property	26	7,928,226	8,940,656
Offshore Investments	28	78,584	37,815
Other Investments	30	2,212	1,810
Total Assets		33,147,334	31,201,107
Liabilities			
Payables and Accruals	27	(5,038,078)	(4,205,700)
Net Assets		28,109,256	26,995,407

The financial statements on pages 33 to 62 were approved and authorized for issue by the Board of Trustee on **28th March 2025** and were signed on their behalf by:



Trustee signature

Dr. Hosea Kili, MBS

Trustee Name



Trustee signature

Winfred Mbai

Trustee Name

STATEMENT OF CASH FLOWS

	Notes	2024 Shs'000	2023 Shs'000
Cash Flows from operating activities			
Contributions Received		2,932,563	2,785,926
Other income Received		5,594	8,235
Transfers Out	5	(30,785)	-
Withdrawals	5	(3,688,181)	(3,790,123)
Administrative Expenses	11	(1,587,884)	(1,852,104)
(Increase)/decrease in Receivables		(36,689)	300,859
Increase in Payables		832,378	2,009,896
Net Cash Flows used in operating activities		(1,573,004)	(537,311)
Cash Flows from investing activities			
Investment Income Received		1,678,546	1,446,696
Investment Management Expenses Paid	9	(472,923)	(395,948)
Purchase of Government Securities	16	(4,878,089)	(1,583,709)
Purchase of Quoted Equity Investments	24	(36,740)	(26,467)
Additions to Investment Property	26	(792,755)	(155,311)
Purchase of Fixed and Call Deposits		(8,599,623)	(4,274,327)
Private Equity Investments	29	(53,104)	(6,931)
Purchase of Offshore Investments	28	(64,961)	(2,831)
Proceeds from Sale of Property	26	2,368,950	174,400
Proceeds from Sale of Equity Investments	24	56,030	103,980
Proceeds from Sale of Government Securities	16	2,539,506	912,184
Proceeds from Sale of Corporate Bonds		944	839
Proceeds from Sale of Treasury Bills	15	-	20,020
Proceeds from Matured Call and Fixed Deposits		8,799,516	3,250,507
Proceeds from Sale of Offshore Deposits	28	32,456	-
Proceeds from Sales of Real Estate Investment Trust	17	1,532,520	598,282
Proceeds from Sale of Unquoted Investments	25	-	263,362
Net Cash generated from investing activities		2,110,273	324,746
Net increase/(decrease) in Cash and Cash Equivalents		537,269	(212,565)
Cash and Cash Equivalents at start of year		325,843	538,408
Cash and Cash equivalents at end of year	13	863,112	325,843

A close-up photograph of a person's hands working at a desk. The person is wearing a blue long-sleeved shirt. Their right hand holds a black pen with silver accents, poised over a black calculator. Their left hand is also near the calculator. On the desk are several sheets of white paper, some with horizontal lines. The background is softly blurred, showing more of the desk and the person's arm.

NOTES OF THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

1. General Information

The general information about the scheme is set out on page 5

Material Accounting Policies

The financial statements are prepared in accordance with IFRS Accounting Standards. The principal accounting policies adopted are set out below

Basis of Preparation

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. In particular, IAS 26 Accounting and Reporting by defined benefit plans require the Scheme's investments to be carried at fair value.

Changes in accounting policy and disclosures

i. New and amended standards adopted by the Scheme

A number of amendments to standards became effective for the first time in the financial year beginning 1 January 2024 and have been adopted by the Scheme. The amendments have not had an effect on the Scheme's financial statements. The amendments are as follows:

Title	Effective date	Key requirements
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	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.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments' :	Annual periods beginning on or after 1 January 2024 (Published May 2023)	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.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

2. Material Accounting Policies (continued)

(a) Basis of Preparation(continued)

Changes in accounting policy and disclosures:

(ii) Standards, amendments and interpretations issued but not yet effective

Title	Effective date	Key requirements
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	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 .
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: <ul style="list-style-type: none"> • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2024 (Published May 2023)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

2. Material Accounting Policies (continued)

(a) Basis of Preparation(continued)

Changes in accounting policy and disclosures:

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Title	Effective date	Key requirements
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p> <p>IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</p> <p>Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement</p>

These standards , amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

(b) Investment Income

Interest income is accrued on a timely basis, by reference to the principal outstanding and the effective interest rate applicable

(c) Contributions and Withdrawal Benefits

Contributions receivable and withdrawal benefits payable are recognized in the period in which they fall due. Forfeited benefits are recognized as income in the statement of changes in net assets available for benefits, when the member forfeits his/her right, wholly or partly, to claim the employer's contributions.

Withdrawals are charged to the statement of changes in net assets available for benefits when they fall due, which is determined by reference to the date when the administrator receives validated benefits claim documents from a retiring member.

d) Rental Income

Rental income is recognized in the period in which it is earned

(e) Dividend Income

Dividend income from investment is recognized when the Scheme's right to receive payment as a shareholder has been established .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

2. Material Accounting Policies (continued)

(f) Investment Property

Investment property which is property held to earn rentals and/or capital appreciation, is measured initially at cost, including transactions costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are dealt with in statement of changes in net assets available for benefits.

(g) Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("Functional Currency"). The financial statements are presented in Kenya Shillings in thousands (Shs'000) which is the Scheme's Functional Currency.

ii. Transactions and Balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

Monetary assets and liabilities in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the end of each reporting date. Transactions during the year are translated at the rates ruling when the transactions are effected. Gains and losses arising from the translations are dealt with in the statement of changes in net assets available for benefits.

(h) Taxation

The Scheme is a registered defined benefit Scheme and is exempt from income taxation.

(i) Financial Instruments

Initial Recognition

Financial assets and liabilities are recognized when the Scheme becomes a party to the contractual provisions of the instrument

Financial Assets

Classification and Measurement

The Scheme classifies its financial assets in the following categories:

Government securities, corporate bonds, quoted investments, Real Estate Investment Trust, off-shore investments, private equity, unquoted investments and investment property are measured at fair value through statement of changes in net assets available for benefits; and

Cash and Bank Balances, Term Deposits and Receivables are measured at amortized cost.

Financial Assets at Fair Value through Statement of Changes in Net Assets Available for Benefits

The purchases and sales of financial assets at fair value through the statement of changes in net assets available for benefits are recognised on the trade date, which is the date the Scheme commits to purchase or dispose the asset.

Financial assets at fair value through statement of changes in net assets available for benefits are initially recognised at fair value and subsequently measured at fair value with movements in fair value recognized in the statement of changes in net assets available for benefits. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Scheme has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

2. Material Accounting Policies (continued)

Financial Assets at Amortised Cost

Receivables and demand and term deposits are initially measured at their transaction price. Subsequently, they are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised in statement of changes in net assets available for benefits together with foreign exchange gains and losses.

Impairment is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate and is determined using the general approach. Under the general approach, at each reporting date, the Scheme recognises a loss allowance based on either 12-month Expected Credit Loss (ECL) or lifetime ECLs depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in the statement of changes in net assets available for benefits.

Financial Liabilities

The liabilities for accounts payable are carried at amortized cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed or not to the Scheme.

(j) Cash and Cash Equivalents

For purpose of the cash flow statement, cash and cash equivalents includes bank and cash balances, short term deposits and highly liquid investments with an original maturity term of 3 months or less.

(k) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3 Critical Accounting Estimates and Judgements

In the process of applying the Scheme's accounting policies, Trustees have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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:

i) Impairment of Assets

The Scheme's assets are reviewed annually at the end of each reporting period to determine expected losses and the resulting impairment loss is treated as an expense in the statement of changes in net assets available for benefits.

ii) Impairment Losses on Financial Assets at Amortized Cost

At the end of each reporting period, the Scheme reviews its assets at amortized cost based on a model to assess expected losses and as such, the recoverable amount of the asset is estimated, and an impairment loss is recognised in the statement of changes in net assets available for benefits.

iii) Contributions Income

Some sponsors statements of members contributions are not received regularly i.e., on a monthly basis as stipulated. The Scheme management makes an estimate of the contributions income based on the latest statement received from the sponsor.

iv) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

3 Critical Accounting Estimates And Judgements (continued)

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Scheme's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Scheme establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

4. Contributions

	2024 Shs'000	2023 Shs'000
Employer's contributions 15%	1,414,735	1,540,855
Members' contributions 12%	1,121,625	1,228,807
Interest on late contributions*	5,390,715	4,975,589
	7,927,075	7,745,251

* Interest on late contributions relates to amounts charged on outstanding contributions as required by the Scheme regulations. Interest is charged at a rate of 1.25% per month on a compounded interest basis and accrued monthly in arrears.

5 (a) Benefits Paid

	2024 Shs'000	2023 Shs'000
Monthly pensions	1,523,995	1,408,456
Commutations and lump sum retirement benefits	1,594,108	1,635,172
Trivial pension	24,550	45,953
Refunds to members leaving service (unvested)	335,385	474,966
Deferred payments	30,993	32,382
Risk based premium	179,150	193,194
	3,688,181	3,790,123

Monthly pension - This is pension paid monthly after payment of the initial lump sum.

Commutations and lump sum retirement benefits - This relates to a third of the benefit payable, which is paid as lump sum at retirement.

Trivial Pension - Payment of lump sum to pensioner who receives monthly pension that is below the minimum wage.

Refunds to members leaving service (unvested) - Payment made to members who exit before the age of retirement.

Deferred payment - This is the portion of benefit payable at exit that is retained to be paid after attaining the age of retirement.

Risk based premium paid is in respect of insurance of members i.e. Group Life Assurance, last respect expense, critical illness, unemployment benefit and permanent total disability. During the year 2024, the Scheme paid premium of Shs 179,150,000, (2023: Shs 193,194,000) against which reported claims as at 31 December 2024 amounted to Shs 186,678,000 (2023: Shs 195,491,572).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

5 (b) Transfers Out

	2024 Shs'000	2023 Shs'000
Transfers out of the scheme*	30,785	-

* Mavoko water & sewerage company limited requested the transfer of its members' data and their accumulative balances from Laptrust DB to the WASPA (umbrella) pension fund - APA Life.

6. Investment Income

	2024 Shs'000	2023 Shs'000
Interest on government securities (Treasury bonds)	1,682,399	1,287,314
Interest on government securities (Treasury bills)	-	825
Interest on short term deposits	116,916	53,425
Interest on corporate bonds	6,219	6,317
Dividend -Quoted equities and unquoted securities dividend	181,429	198,812
Real Estate Investment Trust	270,851	1,624
Rent income	101,261	103,407
Tenant purchase Scheme's interest	54,864	60,420
Interest income on offshore investments	3,657	3,334
Private equity income	47,888	-
	2,465,484	1,715,478

7 . Net Loss On Realization Of Investments

	2024 Shs'000	2023 Shs'000
Gain/(loss) on sale/maturity of government securities (Note 16)	61,604	(12,311)
(Loss)/gain on sale of equities (Note 24)	(1,913)	14,458
Loss on sale of unquoted investments (Note 25) Loss on sale of offshore investments (Note 28) (Loss)/Gain on sale of properties	(5,692)	(48,236)
Loss on sale of REIT (Note 17)	(89,050)	212
	(17,480)	(6,718)
	(52,531)	(52,595)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

8. Other Income

	2024 Shs'000	2023 Shs'000
Other properties income	3,260	6,667
Interest income on bank balances	2,102	1,568
Increase in Impairment on rent receivables (Note 21)	-	(1,189)
Decrease in provision for impairment of bank deposit (Note 14)	-	5,467
Net foreign exchange gains	(3,182)	815
Agency fee and recoveries from deposits	232	-
	2,412	13,328

9. Investment Management and Administration Fees

	2024 Shs'000	2023 Shs'000
Property expenses (Note 10)	242,632	254,802
Fund management expenses	47,446	66,417
Custodian fees	30,041	23,034
Investment transactions	152,804	51,695
	472,923	395,948

10. Property Expenses

	2024 Shs'000	2023 Shs'000
Freedom Heights	53,480	102,065
Pension Towers		3,041
CPF House	12,478	10,353
Metropark Building		134
Lavington, Nairobi	9,480	11,218
Mann Apartments, Kilimani, Nairobi	56.84	284
Changamwe, Mombasa	21,946	10,574
Chaka	489	4,453
Nakuru land	36	5,853
Mohamed Kahero, Nakuru	6	1,428
Ngei II, Nakuru	-	2,049
Ngei I, Nakuru	22,563	989
Mtwapa (Kikambala) Mombasa	4,876	2,565
Karen, Nairobi	137,934	82,915
Eldoret	289	5,176
Thika	398	3,528
Kitengela	35	2,329
Kisumu	1,106	5,138
Konza		710
	242,632	254,802

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

11. Administrative Expenses

	2024 Shs'000	2023 Shs'000
Administration fees*	1,095,192	1,214,378
Debt collection fees	265,626	397,017
Members' education, Pension Committees, and outreach expenses	39,551	102,183
Legal fees	111,226	51,727
Trustees' expenses	44,370	45,667
AGM expenses	11,984	25,715
Retirement Benefits Authority levy	5,000	5,000
Bank charges	5,417	5,567
Actuarial fees	5,586	1,740
Audit fees	3,932	3,110
Total Scheme Administrative Expenses	1,587,884	1,852,104

12. Net Fair Value Gain/(Loss) On Fair Valuation Of Investments

	2024 Shs'000	2023 Shs'000
Fair value gain/ (loss) on government securities (Note 16)	782,619	(892,610)
Fair value gain/(loss) on quoted investments (Note 24)	552,984	(618,312)
Fair value (loss)/gain on private equity (Note 29)	(65,326)	42,133
Fair value (loss)/gain on unquoted investments (Note 25)	(92,834)	92,834
Fair value gain/(loss) on REIT (Note 17)	11,750	(550)
Fair value gain on other investments (Note 30)	402	199
Fair value gain on offshore Investments (Note 28)	13,956	7,721
Net Fair Value Gain/(Loss) On Investments	1,203,551	(1,368,585)

13. Cash and bank balances

	2024 Shs'000	2023 Shs'000
Bank balances	863,112	325,843

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

14. Short Term Deposits

	2024 Shs'000	2023 Shs'000
Kenya Commercial Bank	53,801	33,256
Equity Bank (Kenya) Limited	242,862	16,737
NCBA Bank	76,025	371,817
Cooperative Bank of Kenya	82,033	116,822
Imperial Bank Kenya	52,233	52,232
ABSA Kenya	-	67,087
I&M Bank	9,042	1,000
CFC Stanbic Bank	81,644	-
HFC Limited	22,491	-
Diamond Trust Bank Kenya Ltd	9,300	-
Family Bank	86,764	-
Other call deposits*	-	257,137
Total Deposits	716,195	916,088
Impairment of bank deposits	(52,228)	(52,228)
Net Deposits	663,967	863,860

*Other call deposits relate to the investment in call deposits by the scheme on behalf of the I-REIT being the rental income collected by the scheme before the legal transfer of properties to the scheme was completed .

15. Government Securities (Treasury Bills)

	2024 Shs'000	2023 Shs'000
At start of the year Disposals	-	21 , 175
Accrued interest	-	(20,020)
	-	(1,155)
	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

16. Government Securities (Treasury Bonds)

	2024 Shs'000	2023 Shs'000
At start of year	7,986,350	7,950,964
Additions	4,878,089	1,583,709
Proceeds from disposals	(2,539,506)	(912,184)
Gain/(loss) on disposal	61,604	(12,311)
Accrued interest	472,915	268,782
Fair value gain/(loss)	782,619	(892,610)
At end of year	11,642,071	7,986,350

The effective weighted interest rate on the above bonds was 13.61 % (2022: 12.67 %)

17. Real Estate Investment Trust (REIT)

	2024 Shs'000	2023 Shs'000
Real estate investment trust (REIT)		
At start of year	6,335,378	16,300
Addition		6,924,628
Disposal	(1,532,520)	(598,282)
Loss on disposal	(17,480)	(6,718)
Fair value gain/(loss)	11,750	(550)
	4,797,128	6,335,378

18. Corporate Bonds

	Interest rate 2024	2024 Shs'000	Interest rate 2023	2023 Shs'000
Chase Bank Limited		30,000		30,000
East African Breweries Limited	12.50%	14,836	12.32%	14,651
Kenya Mortgage Company	12.50%	7,103	12.50%	8,082
Family Bank Limited	13.00%	27,307	13.00%	27,288
Provision for Chase Bank Limited		(30,000)		(30,000)
Total Corporate Bonds		49,246		50,021

The effective weighted average interest rate was 12.68 % (2023: 14.49 %).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

19. Receivables and Accrued Income

	2024 Shs'000	2023 Shs'000
Contributions receivable from Sponsors (Note 20)	1,333,147	1,643,819
Rental receivables (Note 21)	4,785	3,829
Prepayments	197,402	180,258
Deposits	17,451	14,363
Deposits on land purchase	32,466	32,466
Dividend receivable	26,826	27,129
Withholding and VAT recoverable	122,054	356,154
Tenant Purchase Scheme interest receivable	19,824	9,430
Due from related parties (Note 32)	1,069,572	519,390
Total Receivables and Accrued Income	2,823,527	2,786,838

20. Contribution Receivable From Sponsors

	2024 Shs'000	2023 Shs'000
Contributions receivable	44,766,241	39,771,729
Provision for impairment	(43,433,094)	(38,127,910)
Total Contributions Receivable	1,333,147	1,643,819
The movement in provision was as follows:		
At start of year	38,127,910	32,449,910
Increase in provisions	5,305,184	5,678,000
At end of year	43,433,094	38,127,910

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

21. Rent Receivable

	2024 Shs'000	2023 Shs'000
At start of year	3,829	50,333
Rental income	101,261	111,828
Repayments	(19,541)	(55,736)
Impairment loss provision	(80,764)	(102,596)
At end of year	4,785	3,829
Movement in Provisions		
At start of year	102,596	101,407
Decrease/Increase in provision	(21,832)	1,189
At end of year	80,764	102,596

22. Interest On Outstanding Contribution

	2024 Shs'000	2023 Shs'000
At start of year		
Interest income* (Note 4)	5,390,715	4,975,589
Credit loss impairment	(5,390,715)	(4,975,589)
At end of the year	-	-

Interest is charged on outstanding contribution as required by the Scheme regulations. Interest is charged at a rate of 15 % per annum on a compounded interest basis. The interest is calculated daily but accrued monthly in arrears and a full provision has been made against this penal interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

23. Furniture and Fittings

	2024 Shs'000	2023 Shs'000
Cost		
At start of year	54,651	54,651
At end of year	54,651	54,651
Depreciation		
At Start of year Charge for the year	54,651	54,651
At end of year	54,651	54,651
Net book value	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

24. Quoted Investments at Fair Value

Number of shares 12/31/2023 (units '000)	Additions/ Split (units '000)	Disposals (units '000)	Number of shares 12/31/2024 (units '000)	Description	Share Price 12/31/2023	Market value 12/31/2023 Sh'000	Share Price 12/31/2024	Additions Shs '000 '000	Disposals Shs '000 '000	Gain/ (loss) Sh'000	Change in Fair Value 12/31/2024 Sh'000	Market value 12/31/2024 Sh'000
392			392	Bamburi Cement	35.85	14062	55				7512	21574
235	2		237	British American Tobacco	407.5	95620	376	813				89131
8552	125	1099	7578	KCB Bank	21.9	187298	42	4034	29405	-408	153701	315220
2769	55		2824	NCBA Bank	38.95	107867	48				26007	136135
4310			4310	ABSA Kenya	11.45	49352	18				28447	77799
744	9		753	EABL	114	84864	176	1438			45923	132225
221			221	Standard Chartered	162	35803	280				26023	61826
6059			6059	Co-operative bank	11.4	69071	16				30597	99668
293		293		Diamond Trust Bank	45.05	13191	69		15776	-1621	4206	397345
8027	200		8227	Equity	33.65	270095	48	8285			118965	605953
34173	1367		35540	Safaricom Limited	13.9	475001	17	19999			111043	38430
280			280	Stanbic bank	108.75	30450	137				7980	248
193			193	Kenya Re	1.88	364	1				-116	281
1651			1651	Uchumi Supermarket	0.17	281						1210
333			333	KenGen Ltd	2.01	668	4				542	685
41			41	Umeme Ltd Ord	16	654	17				31	8675
50			50	Jubilee Holdings Ltd	185	9250	174					
1523		1523		MTN Uganda	7.05	10733	10.849			-575	116	
69,846	1,758	(2,915)	68,689			1,454,624	1,478	36,740	56,030	(1,913)	552,984	1,986,405

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

24. Quoted Investments at Fair Value

Number of shares 12/31/2022 (units '000)	Additions/ Split (units '000)	Disposals (units '000)	Number of shares 12/31/2023 (units '000)	Description	Share Price 12/31/2022	Market value 12/31/2022 Sh'000	Share Price 12/31/2023	Additions Shs '000	Disposals Shs '000	Gain/ (loss) Sh'000	Change in Fair Value 12/31/2023 Sh'000	Market value 12/31/2023 Sh'000
692	300		392	Bamburi Cement	31.5	21341	35.85	7531		464	-212	14062
235			235	British American Tobacco	460	107939	407.5			-12319		95620
8552			8552	KCB Bank	38.1	325798	21.9			-138500		187298
2769			2769	NCBA Bank	39.35	108975	38.95			-1108		107867
4310			4310	ABSA Kenya	12.3	53016	11.45			-3664		49352
1316	571	571	744	EABL	167.5	206392	114	95699		13998	-39827	84864
221			221	Standard Chartered	142.75	31548	162			4255		35803
6059			6059	Co-operative bank	12.3	74524	11.4			-5453		69071
308	15	15	293	Diamond Trust Bank	50	15384	45.05		750	-4	-1449	13191
8027			8026	Equity	44.5	357184	33.65			-87089		270095
32469	1704		34173	Safaricom Limited	24.15	784127	13.9	26467		-335593	475001	475001
280			280	Stanbic bank	102	28560	108.75			1890		30450
193			193	Kenya Re	1.83	362	1.88			2		364
1651			1651	Uchumi Supermarket	0.23	380	0.17			-99		281
333			333	KenGen Ltd	3.22	1071	2.01			-403		668
41			42	Umeme Ltd Ord 0.50	7.42	302	16			351		654
50			50	Jubilee Holdings Ltd	198.75	9828	185			-688		9250
1523			1522	MTN Uganda	5.98	9139	7.03			1594		10733
69,029	1,704	886	69,846			2,135,991		26,467	103,980	14,458	(618,312)	1,454,624

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

25. Unquoted Investments

	2024 Shs'000	2023 Shs'000
At start of year	2,214,956	2,433,720
Disposal		(263,362)
Loss on disposal		(48,236)
Fair value (loss)/gain	(92,834)	92,834
At end of year	2,122,122	2,214,956

The Trustees use either the price of recent transactions where available or share price valuations values to estimate the fair value of the unquoted investments.

26. Investment Property

	2024 Shs'000	2023 Shs'000
At start of year	8,940,656	16,463,566
Additions	792,755	155,311
Disposal	(2,368,950)	(174,212)
(Loss)/gain on disposal	(89,050)	212
Fair value loss	652,815	(605,605)
Transfer to I-REIT		(6,898,616)
At end of year	7,928,226	8,940,656

The fair value of the investment property is based on a desktop valuation carried out by Laser Property Services Limited, independent valuers, on the basis of open market value (Level 2). The valuer is a registered valuer and has recent experience in the location and the category of the investment property being valued

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2024				
Investment property	7,928,226			7,928,226
At 31 December 2023				
Investment property	8,940,656			8,940,656

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

26. Investment Property (Continued)

The investment property is broken down as follows:

	Fair value	Addition	Disposal	Loss on disposal	Gain/(loss) in fair value	Fair value
INVESTMENT PROPERTY	1/1/2024					31/12/2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Freedom Heights Apartment L.R.209/21547	2,228,800	46,978	(46,600)	(5,400)	(46,178)	2,177,600
L.R.209/4866/7- CPF House	340,000	-	(360,000)	-	20,000	-
L.R NO. 6939/1: Ololua Ridge	2,106,921	7,294	(807,350)	(83,650)	863,078	2,086,293
Changamwe Estate	588,850	93,128	-	-	(113,128)	568,850
Chaka Road, Nairobi	480,000	89,908	-	-	(89,908)	480,000
LR Block9/29 Kisumu MUN.	574,000	554,398	-	-	-	1,128,398
Thika L.R 4953/2338/2339/2340	330,000	-	(350,000)	-	20,000	-
Mainland Nert/Section 111/406, Mtwaoa	305,000	-	(305,000)	-	-	-
Block 4/224 -Ngei Estate Phase I	230,000	-	-	-	-	230,000
Block 4/237 -Ngei Estate Phase II	180,000	-	-	-	-	180,000
Block 4/240-Ngei Estate Phase II	93,500	-	-	-	-	93,500
Block 4/247-Ngei Estate Phase II	58,000	-	-	-	-	58,000
Block 4/248-Ngei Estate Phase II	40,000	-	-	-	-	40,000
Block 4/249-Ngei Estate Phase II	13,500	-	-	-	-	13,500
Block 2/104-Mohamed Kahe-ro A	151,725	-	-	-	-	151,725
Block 2/131-Mohamed Kahe-ro A	39,800	-	-	-	-	39,800
Block 2/131-Mohamed Kahe-ro B	102,060	-	-	-	-	102,060
Nakuru Property	400,000	516	(400,000)	-	(516)	-
Kajiado/Kitengela 5664	280,000	167	-	-	(167)	280,000
L.R NO 3734/1083/Nairobi	242,000	198	-	-	(198)	242,000
Kajiado/Kaputie - North/28292	100,000	168	(100,000)	-	(168)	-
Mombasa Plot L.R 2562/294	32,500	-	-	-	-	32,500
Mombasa Plot L.R 2562/298	24,000	-	-	-	-	24,000
TOTAL INVESTMENT PROPERTY	8,940,656	792,755	(2,368,950)	(89,050)	652,815	7,928,226

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

26. Investment Property (Continued)

The investment property is broken down as follows:

	Fair value	Addition	Disposal	Loss on disposal	Gain/(loss) in fair value	Fair value
INVESTMENT PROPERTY	1/1/2024					31/12/2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Freedom Heights Apartment L.R.209/21547	2,478,000	1,037	(174,212)	212	(76,237)	2,228,800
L.R.209/4866/7- CPF House	360,000	1,743	-	-	(21,743)	340,000
L.R NO. 6939/1: Ololua Ridge	2,585,600	107,401	-	(83,650)	(586,078)	2,106,923
Changamwe Estate	588,850	3,153	-	-	(3,154)	588,849
Chaka Road, Nairobi	480,000	1,927	-	-	(1,927)	480,000
LR Block9/29 Kisumu MUN.	545,000	34,222	-	-	(5,222)	574,000
Thika L.R 4953/2338/2339/2340	350,000	5	-	-	(20,006)	329,999
Mainland Nort/Section 111/406, Mtwapa	305,000	4,843	-	-	(4,843)	305,000
Block 4/224 -Ngei Estate Phase I	230,000	-	-	-	-	230,000
Block 4/237 -Ngei Estate Phase II	150,000	-	-	-	30,000	180,000
Block 4/240-Ngei Estate Phase II	85,000	-	-	-	8,500	93,500
Block 4/247-Ngei Estate Phase II	55,000	-	-	-	3,000	58,000
Block 4/248-Ngei Estate Phase II	38,000	-	-	-	2,000	40,000
Block 4/249-Ngei Estate Phase II	13,000	-	-	-	500	13,500
Block 2/104-Mohamed Kahe-ro A	145,000	-	-	-	6,725	151,725
Block 2/131-Mohamed Kahe-ro A	35,000	-	-	-	4,800	39,800
Block 2/131-Mohamed Kahe-ro B	95,000	-	-	-	7,060	102,060
Nakuru Property	400,000	-	-	-	-	400,000
Kajiado/Kitengela 5664	280,000	-	-	-	-	280,000
L.R NO 3734/1083/Nairobi	190,000	980	-	-	51,020	242,000
Kajiado/Kaputie - North/28292	100,000	-	-	-	-	100,000
Mombasa Plot L.R 2562/294	32,500	-	-	-	-	32,500
Mombasa Plot L.R 2562/298	24,000	-	-	-	-	24,000
TOTAL INVESTMENT PROPERTY	9,564,950	155,311	(174,212)	212	(605,605)	8,940,656

There was a transfer in the prior year of Investment property to REIT of Kshs 6,898,616,000 resulting to a gain of Kshs 26,012,000 upon determination of REIT value at Kshs 6,924,628,000 .

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

27. Payables and Accruals

	2024 Shs'000	2023 Shs'000
Properties sales deposits	1,707,358	1,694,220
Due to related parties (Note 32)	2,713,091	2,207,804
Tenants' security deposits	204,820	74,024
Accrued payments	22,487	93,326
RBA Levy payable	5,000	5,000
Other payables	385,322	131,326
	5,038,078	4,205,700

28. Offshore Investments

	2024 Shs'000	2023 Shs'000
At start of year		
Additions	37,815	26,022
Disposal	64,961	2,831
Loss on disposal	(32,456)	
Accrued interest	(5,692)	1,241
Fair value gain	13,956	7,721
At end of year	78,584	37,815

The offshore investment is funds investment outside the Kenyan jurisdiction. The offshore investments in 2023 relates to Eurobonds issued by the Kenyan Government which was subsequently redeemed in 2024. Franklin Technology Fund was purchased in 2024 as an offshore investment investing mainly in equity securities of technology companies worldwide.

29. Private Equity

The private equity is capital investment in Fanisi Capital which is a company whose shares are not listed or publicly traded. This investment constitutes 0.31 % of the total Scheme's investment.

	2024 Shs'000	2023 Shs'000
At start of year	202,956	153,892
Additions	53,104	6,931
Fair value (loss)/gain	(65,326)	42,133
At end of year	190,734	202,956

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

30. Other Investments - Mansa X Fund

	2024 Shs'000	2023 Shs'000
At start of year	1,810	1,611
Fair value gain	402	199
At end of year	2,212	1,810

Mansa-X is a highly diversified fund, investing in a wide range of asset classes that include Currencies and Cash & Fixed Income. The fund invests mainly in the world's major global stock exchanges such as the New York Stock Exchange (NYSE), London Stock Exchange (LSE), Frankfurt Stock Exchange (FRA) and Hong Kong Stock Exchange (HKG). The fund also creates exposure to futures and options for metals, commodities, and interest rate products. The fund is offered by Standard Investment Bank.

31. Financial Risk Management

The Scheme generates revenues for the members by investing in various income generating activities which involve trading in the securities exchange, trading in government securities and offshore investments. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise 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. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks.

Market Risk

(i) Foreign Exchange Risk

The Scheme's exposure to foreign exchange risk arising from offshore investments in US dollar valued at of Shs 78,584,000 (2023: Shs 37,815,000) is not significant to the Scheme's financial statements. The exposure to foreign exchange risk has no material impact to the financial statements.

(ii) Price Risk

The Scheme is exposed to equity securities price risk mainly from investments in quoted shares. To manage its price risk arising from investments in equity and debt securities, the Scheme diversifies its portfolio. For equities, the Scheme has invested in companies in different sectors of the economy. All quoted shares held by the Scheme are traded in the Nairobi Securities Exchange (NSE).

If the price of equity securities were to appreciate/depreciate by 5% it would have resulted in an increase or decrease in the net increase in net assets of Shs.99,320,268 (2023: Shs 72,729,488).

(iii) Interest Rate Risk

The Scheme's interest-bearing assets are investments include Government securities (treasury bonds and bills), short term deposits, REIT, and corporate bonds. All these instruments are at fixed interest rates and therefore, the Scheme is not exposed to the risk of variation in interest rates.

Credit Risk

Credit risk arises from bank balances; the Scheme's investments in Government securities (treasury bonds and bills), short term deposits, REIT, corporate bonds, private equity and offshore investments; and other receivable balances. As part of the credit risk management system, the investment managers and the Trustees monitor and review information on significant investments. The Trustees have approved larger portfolio investments with the Government of Kenya which has a low credit rating and also no history of default. The credit risk on liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by the bank regulator.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

31. Financial Risk Management (continued)

The amount that best represents the Scheme's maximum exposure to credit risk as at 31 December 2024 is as follows:

	2024 Shs'000	2023 Shs'000
Bank balances (Note 13 (a))	863,112	325,843
Short term deposits (Note 14)	663,967	863,860
Treasury bonds (Note 16)	11,642,071	7,986,350
Corporate bonds (Note 18)	49,246	50,021
Receivables and accrued income (Note 19)	2,823,527	2,786,838
	16,041,923	12,012,912

The financial assets above are neither pas due nor impaired except for contribution receivable, short term deposit and corporate bonds which are further disclosed below.

Credit Risk

	Performing Shs'000	Past due but not impaired	Impaired Shs'000	Total Shs'000
At 31 December 2024				
Gross Contributions receivable	211,363	1,121,784	43,433,094	44,766,241
Expected credit losses			(43,433,094)	(43,433,094)
	211,363	1,121,784	-	1,333,147
At 31 December 2023				
Gross contributions receivable	248,990	1,394,829	38,127,910	39,771,729
Expected credit losses		-	(38,127,910)	(38,127,910)
	248,990	1,394,829	-	1,643,819

The debts that are impaired are fully provided for. The debts that are past due are not impaired and continue to be paid. The Scheme's management is actively pursuing these debts. There is no collateral held against these assets.

	Performing Shs'000	Past due but not impaired	Impaired Shs'000	Total Shs'000
At 31 December 2024				
Short term deposits	663,967		52,228	716,195
Expected credit losses			(52,228)	(52,228)
	663,967		-	663,967
At 31 December 2024				
Short term deposits	863,860		52,228	916,088
Expected credit losses			(52,228)	(52,228)
	863,860		-	863,860

Impairment of the Chase Bank Corporate Bond is disclosed under note 18.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

31. Financial Risk Management (continued)

Liquidity Risk

The Scheme is required to make payments in respect of pension payments when members withdraw or retire from the Scheme and is therefore exposed to the risk of not 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 Scheme's liquidity on a regular basis and the Trustees review it on a quarterly basis. The amounts disclosed in the table below are the contracted undiscounted cash flows of the Scheme's financial liabilities.

	Less than 1 year Shs'000	Total Shs'000
31 December 2024		
Financial Liability		
Payables and accruals	5,038,077	5,038,077
31 December 2023		
Financial Liability		
Payables and accruals	4,205,700	4,205,700

The Scheme's current liabilities are all payable within a year.

Fair value of financial assets and liabilities

The table below shows an analysis of financial instruments at fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable :

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

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Quoted equity investments (Note 24)	1,986,405			1,986,405
Unquoted Equity Investments (Note 25)		649,838	1,472,284	2,122,122
Corporate bonds (Note 18)		49,246		49,246
Offshore investments (Note 28)		78,584		78,584
Private equity (Note 29)			190,734	190,734
Real Estate Investment Trust (Note 17)			4,797,128	4,797,128
Government securities (Note 16)	11,642,071			11,642,071
	13,628,476	777,668	6,460,146	20,866,290

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

31. Financial Risk Management (continued)

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Year ended 31 December 2023				1,454,624
Quoted equity investments (Note 24)	1,454,624			2,214,956
Unquoted Equity Investments (Note 25)		742,672	1,472,284	50,021
Corporate bonds (Note 18)		50,021		37,815
Offshore investments (Note 28)		37,815		202,956
Private Equity (Note 29)			202,956	6,335,378
Real Estate Investment Trust (Note 17)	16,300		6,319,078	7,986,350
Government securities (Note 16)	7,986,350			
	9,457,274	830,508	7,994,318	18,282,100

There were no transfers between levels 1, 2 and 3 in the year (2023: None).

The Trustees consider that there is no material difference between the fair value and the carrying value of the Scheme's financial assets and liabilities where fair value details have not been presented.

The Scheme's investments in unquoted equity securities and private equity are classified as Level 3 in the fair value hierarchy due to the use of significant unobservable inputs. The fair value of Private Equity and Real Estate Investment Trusts is determined using the net asset value (NAV) approach. For unquoted equity investments, fair value is derived from a median of various methodologies, including the discounted cash flow (DCF) method, comparable company multiples, and precedent transaction approach.

A discount rate of 20.48% has been applied, reflecting market conditions and risk profiles. Growth rates are estimated based on historical trends and anticipated future performance. An illiquidity discount has been applied to account for the illiquid nature of unquoted investments. Market multiples have been adjusted for company size, risk, and industry benchmarks.

32. Related Party Transactions

The Scheme transacts with its members and the various county governments and corporations in Kenya. Amounts due from the sponsors represent contributions and related interest outstanding at year end. It also transacts with CPF Financial Services Limited which is the Scheme administrator and pays professional administration fees at 1.5 % of the fund value and other trustees support services. The summary of related party balances is as below:

	2024 Shs'000	2023 Shs'000
a) Receivable From Related Parties:		
CPF financial Services	347	68
Laser Insurance brokers	265	265
Laser Infrastructure and Technology solution	288	288
Salih Fund	141	141
County Pension Fund	72,177	64,536
CPF Individual Pension Scheme	111,346	87,578
Mwamba Trust Fund		110,357
Imara 1-Reit	885,008	256,157
	1,069,572	519,390

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

32. Related Party Transactions (continued)

	2024 Shs'000	2023 Shs'000
b) Payable To Related Parties:		
CPF Individual Pension Scheme	136,986	86,914
County Pension Fund	1,662,717	1,583,282
Laser Property Services Limited	29,003	
CPF Trust Fund (IMARA)		
CPF Salih Fund	176,309	119,867
CPF Inter-company		3,142
DC Inter-scheme		
Imara 1-Reit	708,076	414,599
	2,713,091	2,207,804
b) Trustees/ Management Remuneration		
Allowances and other benefits	44,370	44,400
c) Administration Fees	1,095,192	1,214,378

32. Contingent Liability

The Scheme did not have contingent liabilities as of 31st December 2024

Notes

[illegible]

[illegible]

SCHEME CORPORATE ADMINISTRATOR OFFICES

Nairobi Head Office

CPF House, 7th Floor,
Haile Selassie Avenue,
P.O Box 28938-00200 Nairobi.
Mob: +254 111 114 000
Email: info@cpf.or.ke

Kisumu Branch

Central Square Building,
Ground floor, Oginga Odinga
Street
Mob: +254 111 114 000
P.O. Box 7468 - Kisumu
Email: kisumu@cpf.or.ke

Mombasa Branch

Jubilee Arcade,
1st Floor, Moi Avenue.
Mob: +254 111 114 000
Email: mombasa@cpf.or.ke

Bungoma Branch

New Island Buildings,
1st Floor,
Next to the County Govern-
ment,
Bungoma Town.
Mob: +254 111 114 000
Email: bungoma@cpf.or.ke

Nakuru Branch

Tamoh Plaza
1st Floor, Next to Prestige Mall,
Nakuru.
Mob: +254 111 114 000
Email: nakuru@cpf.or.ke

Eldoret Branch

Laneens Centre,
Opposite Sirikwa Hotel.
Ground Floor
Mob: +254 111 114 000
P.O. Box 8805 - Eldoret
Email: eldoret@cpf.or.ke

Garissa Branch

Immigration House,
Ground Floor.
Mob: +254 111 114 000
Email: garissa@cpf.or.ke

Nyeri Branch

Kang'aru Annex,
2nd Floor.
Mob: +254 111 114 000
Email: nyeri@cpf.or.ke

Meru Branch

Golden Pillar Sacco Building,
1st floor,
Next to Mathai supermarket.
Mob: +254 111 114 000
Email: meru@cpf.or.ke



LAPTRUST

— Fulfilling Lives —

CPF House 7th Floor, Haile Selassie Avenue,

P.O Box 28938 - 00200, Nairobi

+254 111 114 000 +254 720 433 354

www.cpf.or.ke | Info@cpf.or.ke

      CPFGroup

NAIROBI | MOMBASA | KISUMU | ELDORET | MERU | NAKURU | GARISSA | NYERI | BUNGOMA