

1) STATEMENT OF NET ASSETS AS AT 30 JUNE 2013

	30 JUNE 2013	30 JUNE 2012
	Kshs.'000'	Kshs.'000'
Non-Current Assets		
Property Plant and Equipment	268,575	171,834
Assets under Construction	2,259,900	131,439
	2,528,475	303,273
Investments		
Undeveloped Land/Plots	8,685,097	7,677,264
Land and Buildings	20,295,925	27,195,056
Tenant Purchase Scheme	11,087,990	6,219,376
Quoted Equities	51,131,015	36,288,341
Unquoted Stocks and Equities	1,575,018	1,532,823
Treasury Bonds	30,876,240	25,238,316
Treasury Bills	466,944	1,356,013
Commercial Papers	138,876	0
Corporate and Infrastructure Bonds	2,854,788	1,857,523
Deposits with Financial Institutions	4,354,150	3,566,915
Total Investments	131,466,043	110,931,629
Current Assets		
Stationery and Other Stores	6,212	0
Debtors and Prepayments	2,311,534	957,640
Taxation recoverable	904,904	904,904
Accrued Income	1,023,991	342,589
Cash and Bank Balances	884,758	875,119
Total Current Assets	5,131,399	3,080,251
Current Liabilities		
Creditors and Accruals	4,193,043	3,854,131
Total Current Liabilities	4,193,043	3,854,131
Net Current Assets	938,357	(773,880)
Total Net Assets	134,932,875	110,461,021
Financed by -		
Members' Funds	134,932,875	110,461,021

2) STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

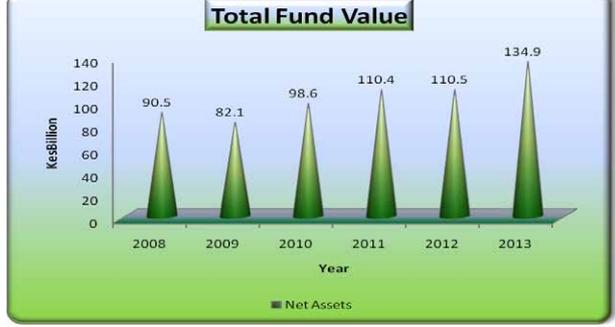
	30 JUNE 2013	30 JUNE 2012
	Kshs.'000'	Kshs.'000'
Dealings with Members		
Contributions Receivable	7,800,358	7,266,410
Less Benefits Payable	(2,139,015)	(1,781,483)
Net Additions from Dealings with Members	5,661,343	5,484,927
Return on Investments		
Investment Income	8,968,055	7,943,399
Change in Market Value of Investments	18,354,776	(6,202,920)
Net Return on Investments	27,322,831	1,740,479
Gross Revenue	32,984,174	7,225,406
less: Administrative Expenses	(6,440,992)	(5,293,938)
Increase/(Decrease) in Net Assets during the Period	26,543,182	1,931,468

3) ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

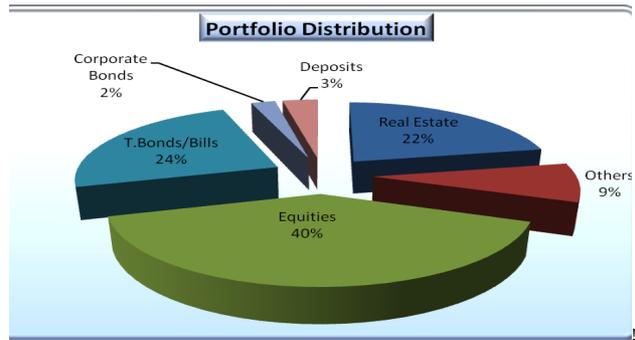
	30 JUNE 2013	30 JUNE 2012
	Kshs.'000'	Kshs.'000'
Cash Flows from Operating Activities		
Operating Surplus before Working Capital Changes	7,859,880	7,512,641
Working Capital Changes and Adjustments	(1,702,598)	(129,651)
Cash Flows from Operating Activities	6,157,282	7,382,990
Cash Flows from Investing Activities	(6,147,644)	(7,471,070)
Net Increase in Cash and Cash Equivalents	9,639	(88,080)
Add: Cash and Cash Equivalents as at the beginning	875,119	963,199
Cash and Cash Equivalents as at the end	884,758	875,119

4) KEY HIGHLIGHTS

a. Total Fund Value
Net Assets grew from Kes. 110.5 billion in 2012 to Kes.134.9 billion in 2013. The growth trend in the last six years is as below.



b. Investments Portfolio Distribution



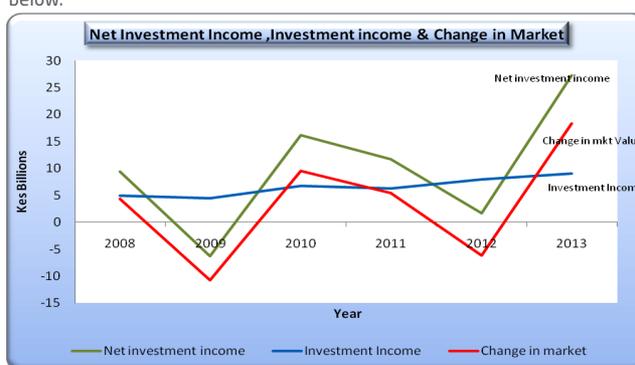
c. Contributions

Contributions receivable increased from KShs.7.27 billion in 2012 to KShs.7.8 billion in 2013, a marginal increase of 7%. The growth trend in the last six years is as below.



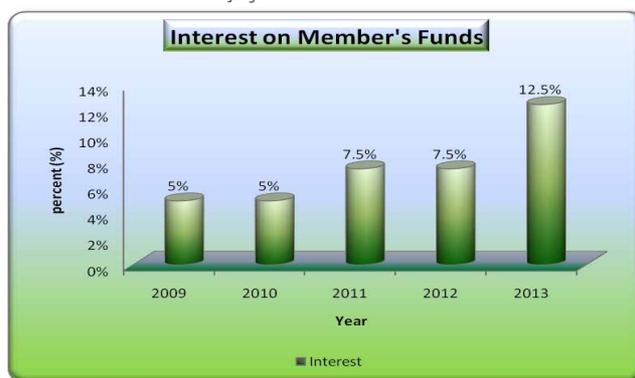
d. Net Return on Investment

Return on investment increased from KShs.1.74 billion in 2012 to KShs.27.32 billion in 2013. The net investment income is mainly affected by the equity class which is 40% of the total portfolio. The trend in the last six years is as below.



e. Interest on Members' Funds

Section 19 (2) of the NSSF Act Cap 258, Laws of Kenya requires the Minister for Labour to approve interest to be credited to members' accounts annually. In 2013 an interest of 12.5% was approved, to be credited to Member's accounts with effect from July 2014.



f. Message from the Board of Trustees

The Statement of Net Assets and Statement of Changes in Net Assets are extracts from the Fund's Financial Statements approved by the Board on 23rd September, 2013. The Financial Statements have been audited by the Auditor General in accordance with the provisions of the Public Audit Act, 2003. A full set of these Financial Statements is available at NSSF Head Office, Bishops Road, and on the Fund's official website: www.nssfkenya.co.ke

5) OUTLOOK FOR 2015

The NSST Act No 45 of 2013 received presidential assent in December 2013. The Act has introduced significant reforms among them being the change from providing benefits on a provident basis to pension basis and strengthening the governance framework.

In the last year, the Fund has successfully implemented SAP-ERP ICT platform to support back office operations and Social Security and Pension Administration System (SSPAS) for front office operations.

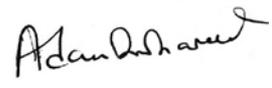
To drive implementation of the Act, the Board of Trustees has formulated the 2014-2019 Strategic Plan to focus resources on the growth of the pension scheme.

The Act can be downloaded from the National Social Security Fund official website: www.nssfkenya.co.ke

RICHARD K. LANGAT
CEO / MANAGING TRUSTEE



ADAN D. MOHAMED, EBS
CHAIRMAN



REPORT OF THE AUDITOR-GENERAL ON NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE, 2013

I have audited the accompanying financial statements of National Social Security Fund set out in pages 5 to 24, which comprise the statement of net assets as at 30 June 2013, and the statement of changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provision of Section 15(2) of the Public Audit Act, 2003 and to submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2013 and of its financial performance and its cash flows for the year ended, in accordance with International Financial Reporting Standards and comply with the National Social Security Fund Act, Cap 258 of the Laws of Kenya.

AUDITOR-GENERAL
11 July 2014