



2021 | ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS



Prepared in
accordance with the
Accrual Basis of Accounting
Method under the International
Financial Reporting Standards (IFRS)

Hazina Trade Centre

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CELL: 0722 207403/0734222002
EMAIL: info@tysons.co.ke

DEVELOPER



National Social Security Fund (HQ)
P.O. Box 30599 – 00100, Nairobi, Kenya.
Main Line: (020) 2729911, 2710552.
Cell Phone: 0722-204192, 0734-699926,
Email: info@nssfkenya.co.ke.
Website: www.nssf.co.ke

Email: enquiries@tysons.co.ke

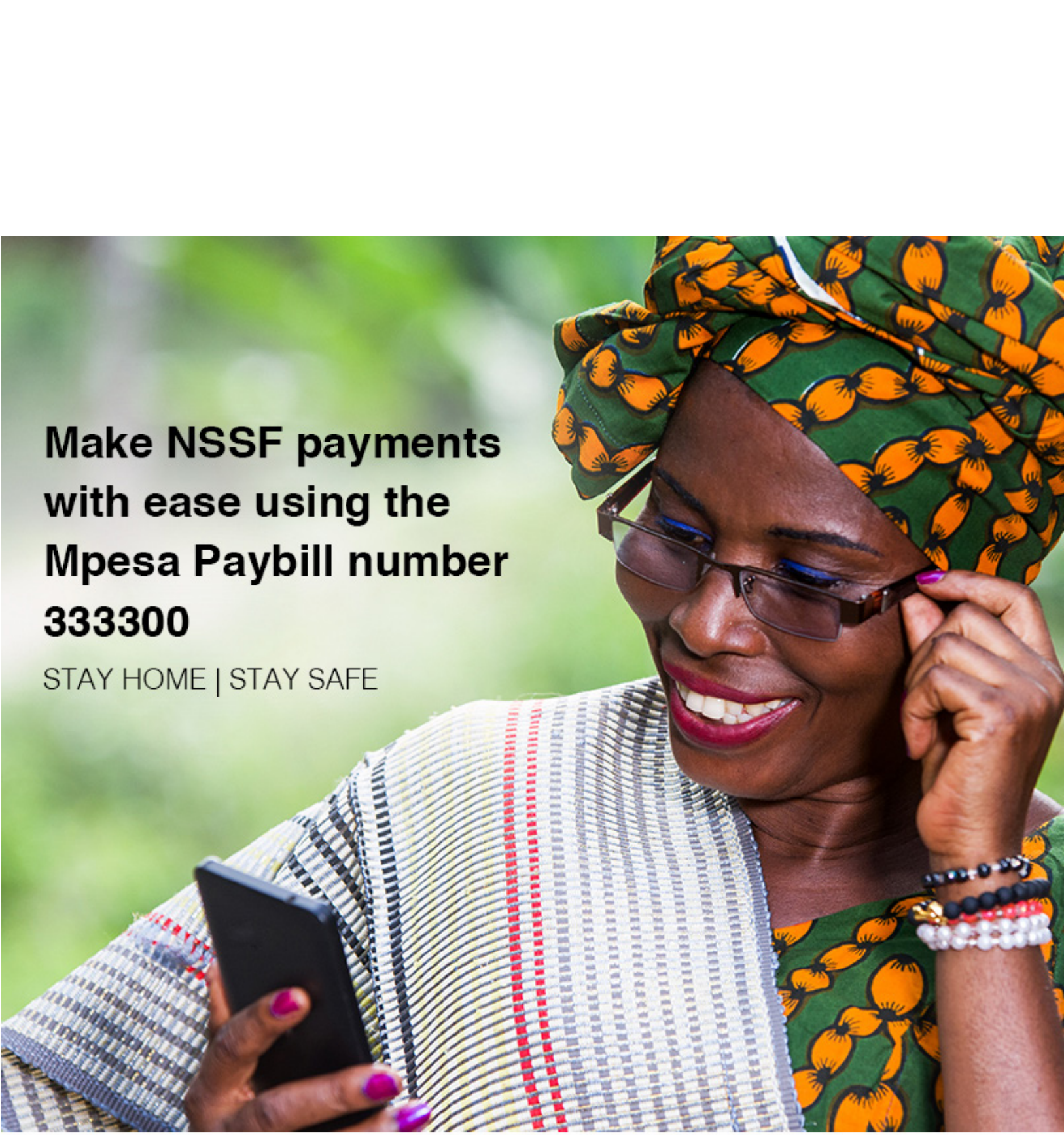
Website: www.tysons.co.ke

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BRANCH NETWORK AND CONTACT INFORMATION

Western & Nyanza Region:					
Regional Office Al Imran Plaza, 3rd Floor Oginga Odinga Street P.O. Box 1037 - 40100 Kisumu. Tel: +254 732 680 019	Kakamega Branch 1st Floor, Ambwere Furaha Centre, Sudi Road, P.O. Box 833 - 50100, Kakamega. Tel: 056 203 1489 056 203 0428 +254 737 409 418	Bungoma Branch Catholic Building, 1st Floor, Mumias Road P.O. Box 572 - 50200 Bungoma. Tel: 055 203 0123 +254 737 409 456	Vihiga Sub Branch 1st Floor, Cherry House P.O. Box 1446 - 50300, Maragoli, Tel: 056 0203 1110	Kisumu Branch Al Imran Plaza, 3rd Floor Oginga Odinga Street P.O. Box 1037 - 40100 Kisumu. Tel: 057 202 4338 +254 737 409 447	Homabay Branch Luore Plaza, 1st Floor, Bank Road P.O. Box 167 - 40300. Homabay. Tel: +254 737 409 446
Busia Branch Rasto Park Plaza, Ground Floor Off Kisumu - Busia Road P.O. Box 109 - 50400, Busia. Tel: 055 232 2270 +254 737 409 441	Migori Branch Pesoda Plaza, 1st Migori CBD, Along Migori Isibania Highway P.O. Box 513 - 40400 Migori. Tel: +254 786 222 323	Kisii Branch 1st Floor, Magsons Plaza, Hospital Road P.O. Box 898 - 40200 Kisii. Tel: 058 203 0206 +254 737 409 394	Siaya Branch Mwalimu Plaza, 1st Floor P.O. Box 1169 - 40600 Siaya. Tel: 057 532 1747 +254 737 409 390	Nyamira Sub-Branch Happyline Centre, 2nd Floor P.O. Box 249 - 40500 Nyamira. Tel: 058 614 4000 +254 780 525 249	
Rift Valley Region					
Regional Office AFC Building, 1st Floor Kijabe Row, P.O. Box 1510 - 20100 Nakuru. Tel: 051 221 6449	Sotik Branch Patnas (Bureti) Sacco Building, opposite Sotik Police Station, P.O. Box 947 Sotik. Tel: +254 737 409 413	Kitale Branch Ambwere Plaza, Ground Floor, P.O. Box 49 - 30200 Kitale. Tel: 054 30 861 +254 737 409 463	Eldoret Branch Uganda Road Kiptagich House, 6th Floor P.O. Box 1120 - 30100 Eldoret. Tel: 053 206 2284 053 206 1476	Narok Branch Oltalet Mall – 1st Floor -Narok - Mai-Mahiu Rd P.O Box 443-20500, Narok. Tel: +254 050-2222062/ +254737409439	Lodwar Branch Northlands Bldg, Next to Doctor's Mini-Plaza. P.O. Box 106 -30500 Lodwar. Tel. +254735 888877
Elegeyo Markwet/ Kapsowar Sub-Branch Marakwet Teachers Housing Sacco P.O. Box 266 - 30705 Kapsowar Tel: +254 737 090 120 +254 722 647 216	West Pokot Sub-Branch Paves Vetagro Building, 1st Floor Behind Suntech Supermarket Kitale Kapenguria Road P.O. Box 494 - 30600 Kapenguria Tel: +254 732 206 035	Kabarnet Branch Mart Properties Plaza Kabarnet / Nakuru Junction. P.O. Box 14 - 30400 Kabarnet. Tel: +254 053 22 162	Molo Sub Branch Maziwa House, 1st Floor, Next To Post Bank Opposite Riva Petrol Station Molo Town. P.O. Box 214 - 20106 Molo. Tel. +254 771 889 439	Kapsabet Branch AFC Building 1st Floor P.O Box 1122- 30300 Kapsabet. Tel: +254 053-5252113 / +254735888887	Nakuru Branch Polo Centre 1st Floor P O Box 1510 - 20100, Nakuru. Tel: +254 051- 2210952/3
Naivasha Branch Wagi House, Kenyatta Avenue P.O. Box 361 - 20117, Naivasha. Tel: +254 737 409 437	Kericho Branch Sinendet Towers, 2nd Floor Ksm-Nbi Highway P.O. Box 586 - 00200 Kericho. Tel: +254 737 409 470	Nandi Hills Branch Post Office Building – Opp. Nandi Police Stn. P.O. Box 207, Nandi Hills Tel: +254 737 408 423			
Nairobi Region					
Regional Office Bruce House, 5th Floor P.O. Box 50397- 00200 Nairobi Tel: +254 737 409 453	Industrial Area Branch Simco Plaza, 3rd Floor P.O. Box 30451- 00100 Nairobi Tel: +254 737 409 457	Ongata Rongai Branch Maasai Mall 2 Floor P.O. Box 665 - 00511 Ongata Rongai Tel: +254 453 123 112 +254 731 032 088	Eastleigh Branch Eastleigh Mall, 1st Floor, General Wariunge Street P.O. Box 7800 - 00610, Nairobi. Tel: +254 739 102 003	Nairobi Region Kiambu Branch Mapa House, 2nd Flr, Biashara Street P.O. Box 713 – 00900, Kiambu Tel: +254 737 633 914	Machakos Branch Nijrang Building, 1st Floor Bolumalu Road P.O. Box 525 - 90100, Machakos Tel: +254 737 409 412
City Centre Branch Bruce House, 5th Floor, Standard Street P.O Box 50397- 00200 Nairobi Tel: +254 020 222 8068 +254 020 222 8276	Westlands Branch Woodvale Centre, Woodvale Grove P.O. Box 66575 - 00800 Nairobi Tel: +254 737 409 416	Hill Branch Social Security House, Block C, P.O. Box 45969 - 00100, Nairobi Tel: 0202713844/46/48/51 +245 737 090 169	Donholm Branch The Point Buruburu Along Rabai Road Opp. Kenol Petrol Station P.O. Box 1387 - 00515, Buruburu Tel: +254 773 780 210	Kitengela Branch Ground And First Floor, Africa House, P.O. Box 529 - 00242, Kitengela Tel. +254 739 102 009	

Central & Eastern Region					
Regional Office Sohan Plaza - 2nd Floor Kimathi Way P.O. Box 308 10100, Nyeri Tel: 061 203 1140	Nyeri Branch Sohan Plaza - 2nd Floor P.O. Box 308 - 10100, Nyeri. Tel: 061 203 2103 +254 737 409 455	Thika Branch Thika House Ground Floor On Kwame Nkurumah Street P.O. Box 844 - 01000, Thika. Tel: 067 222 2279 +254 737 409 391	Mwingi Branch P.O. Box: 432 - 90400 LDP Building Along Mwingi Garissa Highway, Ground Floor. Tel: 044 822 339 044 822 340 +254 737 409 465	Kitui Branch Muli Mall, Ground Floor, Mukuti Street. P.O. Box 641 - 90200, Kitui. Tel: 044 442 2239 +254 737 409 417	Kerugoya Branch Bingwa Saaco Building, 1st Floor P.O. Box 600 - 10300, Kerugoya Tel. +254737 409471
Kerugoya Branch Bingwa Saaco Building, 1st Floor P.O. Box 600 - 10300, Kerugoya Tel: +254 737 409 471	Muranga Branch Pala Plaza, Ground Floor Kenyatta Avenue P.O. Box 168 -10200, Muranga Tel: 060 203 0313 +254 737 409 473	Marsabit Branch Ngamia Mall, Opposite Shell Petrol Station, P.O. Box 88 - 60500 Marsabit Tel: 0702 463 901	Tharaka Nithi Sub Branch New Mutegi Murango Building, Chuka Town, P.O. Box 320 - 60400, Chuka, Kenya Tel: +254 731 883 332	Tharaka Nithi Sub Branch New Mutegi Murango Building, Chuka Town, P.O. Box 320 - 60400, Chuka, Kenya Tel: +254 731 883 332	Meru Branch Ncheege Plaza 1st Floor. Kirikuri Street. Tel: 064 313 2912 +254 737 409 474
Embu Branch Eastern Emporium Bldg. Kenyatta Highway P.O. Box 316 - 60100, Embu Tel: +254 734 317 315 +254 737 409 460	Maua Sub Branch Nyambene Synod Plaza Ground Floor Meru Maua Road P.O. Box 3 - 60600, Maua Tel: +254 731 883 362	Maralal Branch Saidia Building, Opp County Treasury Offices. P.O. Box 258 - 20600, Maralal. Tel: 065 506 2047 +254 737 409 433	Nanyuki Branch Silver Plaza, Ground Floor Along Kenyatta Highway P.O. Box 226 - 10400, Nanyuki Tel: +254 737 409 444		
Coast & North Eastern Region					
Regional Office Social Security House, Nkrumah Road, P.O. Box 90490 - 80100, Mombasa Tel: 041 222 3426/19	Lamu Sub-Branch Majid Swaleh Hemed Building P.O. Box 389 - 80500, Lamu Tel: 254 737 409 410	Voi Branch Haji Plaza, Ground Floor, Biashara Street. Tel: 043 203 0129 +254 737 409 398	Wajir Branch Juba Building, Orahey- Works Road, Ground Floor P.O. Box 326 - 70200, Wajir Tel: +254 737 409 411	Malindi Branch 1st Floor Al Noor Plaza- Jomo Kenyatta Road P.O. Box 290 - 80200, Malindi. Tel: +254 422 130 003 Fax: +254 422 120 819 Tel: +254 737 409 449	Mombasa Branch Ground Floor, social Security House, Nkurumah Road, Mombasa Tel: 041 222 3426/19
Tana River Sub Branch Said Omar House P.O. Box 204 - 70101, Hola Tel: +254 780 002 200 +254 7738 110 858	Ukunda Branch Tiosgima Plaza, Beach Road, P.O. Box 1076 - 80400 Ukunda. Tel: +254 737 409 434	Garissa Branch 1st Floor, Lilac Centre, Kismayu Road, P.O. Box 378 - 70100, Garissa, Tel: +254 737 409 468	Mtwapa Branch Mtwapa Mall, 1st Floor Mombasa - Malindi Road P.O. Box 733 - 80109 Mtwapa Tel: +254 786 222 322		



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KEY ENTITY INFORMATION

Background and Branch Network

NSSF was established under NSSF Act 258 Laws of Kenya, which was repealed after NSSF Act of 2013 was enacted and came into effect on 10th January 2014. At cabinet level, NSSF is represented by the Cabinet Secretary for Labour and Social Protection. The Fund is governed by a Board of Trustees constituted as per the NSSF Act of 2013 (section 6), with representation from the most representative workers’ organization, most representative employers’ organization, and the Government of Kenya (through the Ministry of East Africa Community, Labour & Social protection, and the National Treasury). The Board of Trustees is responsible for the general policy and strategic direction of the Fund.



Principal Activities

The principal activity of the Fund is to register members, receive their contributions, invest the funds prudently, process and ultimately pay out benefits to eligible members or their dependants.

KEY ENTITY INFORMATION (continued)

Background and Branch Network (continued)



The Board of Trustees

The Trustees who served in the Board of the Fund during the year were as follows:

Trustee		Position	Appointed On
1.	Gen (Rtd) Dr. Julius W. Karangi, EGH, CBS, DCO, LOM ‘ndc’‘psc’ (K)	Chairman	06.06.2018
2.	Hon. Joseph L. Lekuton, OGW	Member	06.06.2018
3.	Prof. Marion Mutugi, EBS	Member	06.06.2018
4.	Prof. Dulacha Galgalo Barako, PHD	Member	16.09.2019
5.	Dr. Francis Atwoli, EBS, MBS, (NOM, DZA)	Member	17.09.2018
6.	Mrs. Jacqueline Mugo, OGW, MBS	Member	17.09.2018
7.	Dr. Damaris Muhika	Member	03.02.2018
8.	Mr. Mark J. Obuya, EBS	Member	20.02.2020
9.	Eng. Peter K. Tum, OGW	Member	01.03.2019
10.	Dr.Julius Muia, CBS	Member	24.07.2019
11.	Dr. Anthony Omerikwa, MBS - CEO/Managing Trustee	CEO	21.11.2019

CORPORATE HEADQUARTERS

Social Security House, Bishops Road
P.O Box 30599-00100
Nairobi, Kenya.
Telephone: +254 020 2729911,
Toll Free: 0800 2212744
E-Mail: info@nssfkenya.co.ke
Website: www.nssf.or.ke
Twitter: nssf_ke
Facebook: nssfkenya

CORPORATION SECRETARY

Mr. Austin Ouko
P.O. Box 30599-00100
Nairobi.

CORPORATE BANKERS

KCB Bank Kenya Limited,
Moi Avenue,
P.O. Box 48400, 00100
Nairobi.

FUND CUSTODIANS

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

Co-operative Bank Custody
Co-operative House,
Haile Selassie Avenue,
P.O. Box 48231 – 00100 Nairobi.

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

FUND ACTUARIES

Zamara Actuaries, Administrators & Consultants Ltd
Landmark Plaza
P.O. Box 52439-00200, Nairobi.

FUND MANAGERS

Old Mutual Asset Management (K) Ltd
Old Mutual Building,
P.O. Box 11589-00400,
Nairobi.

Britam Asset Management (K) Ltd
Britam Centre,
P.O. Box 30375-00100,
Nairobi.

GenAfrica Investment Management Ltd
14 Riverside Business Park, 1st Floor,
P.O. Box 79127-00200,
Nairobi.

African Alliance Kenya Investment Bank Limited – Asset Management
P.O Box 27639 – 00506
Nairobi.

INDEPENDENT AUDITORS

Auditor General
Office of The Auditor General
Anniversary Towers,
University way
P.O. Box 30084-00100
Nairobi.
Tel: 254-20-342330/2227383

PRINCIPAL LEGAL ADVISERS

The Attorney General
State Law Office,
P.O. Box 40112 – 00200

Nairobi. Wetangula, Adan & Co Advocates,
12th Floor Bruce House,
P.O Box 10741 – 00100
Nairobi.

Cootow & Associates Advocates,
Social Security Hse, 11th Floor, Pent Hse,
P. O. Box 16858 – 80100,
Mombasa.

Triple OK Law Advocates,
ACK Garden House, 5th Floor Block C,
P.O. Box: 43170-00100,
Nairobi.

THE BOARD OF TRUSTEES



General (Rtd) Dr. Julius W. Karangi, EGH, CBS, DCO, LOM

Chairman

Appointed Chairman on 06/06/2018. General (Dr) Karangi holds a Masters of Science (MSc) Degree in Security and Risk Management from the University of Leicester (UK), a Honorary Doctorate on Humane Letters (Honoris Causa) from Kenyatta University, Kenya and is also a recipient of the United States of America Award of Degree of Commander, The Legion of Merit. He also holds National Honours and Awards of Elder of the Order of the Golden Heart (EGH), Chief of the Order of the Burning Spear (CBS) and Distinguished Conduct Order (DCO).
He is the former Chairman of Kenya Airports Authority.

Prof. Dulacha Galgalo Barako, PHD

Trustee

Appointed on 16/09/2019 he is the alternate to the Principal Secretary, National Treasury. Prof. Barako is Director, Financial and Sectoral Affairs Department at the National Treasury. Prior to secondment to the National Treasury, he worked at the Central Bank of Kenya – long career spanning over 20 years. He holds a PhD from the University of Western Australia, MBA and BCom from University of Nairobi. He is a Fellow of the Institute of Public Accountants, Australia as well as member of the Accounting and Finance Association of Australia and New Zealand (AFAANZ). He is also a practicing member of the Institute of Chartered Investment and Financial Analysts of Kenya (ICIFA) as well as Kenya Institute of Management (KIM). He has also served as Chairman of Council, Dedan Kimathi University of Technology; Chairman of Council, Meru University of Science and Technology; Treasurer of Council, Moi University; and board member: Capital Markets Authority (CMA), Agricultural Finance Corporation (AFC) and Safaricom PLC.



Eng. Peter K. Tum, OGW

Trustee

Appointed Principal Secretary, State Department for Labour in the Ministry of Labour and Social Protection on 1st March 2019. Prior to this appointment, Eng. Tum served as the Principal Secretary, Ministry of Health. He holds a Master’s Degree in Energy Management from the University of Nairobi, a Bachelor of Industrial Technology from Egerton University and a Post-Graduate Diploma in Medical Electronics from the University of London.
Eng. Tum comes with a wealth of experience in public service having previously served as the Chief Executive Officer of Kenya Medical Training College (KMTC).



Dr. Julius Muia, CBS

Trustee

appointed Principal Secretary, The National Treasury on 24th July, 2019. Born in 1960, Dr Julius muia is an alumnus of the University of Nairobi's School of Business. He graduated with a First Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same university. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.

Hon. Joseph Lemasolai Lekuton, OGW

Trustee

Appointed Trustee on 6/06/2018, he holds a Masters of International Education policy (Harvard University) and Master of Administration (St. Lawrence University). Additionally, he holds a Bachelor of Economics in Economic Development and a Bachelor of Government in International Relations.

A celebrated award winning author and public speaker, has held various public assignments including being a member of parliament representing Laisamis constituency.

Dr. Francis Atwoli, EBS, MBS, (NOM DZA)

Trustee

Born in 1949 and appointed Trustee on 17/09/2018, he has extensive training in labour movement history. He holds a Honorary Doctor of Letters (Labour Relations) (Honoris Causa) awarded by Masinde Muliro University of Science and Technology. He was trained in Turin college of International Labour Organisation in advanced industrial relations practices / labour economics / collective bargaining techniques / international labour laws / trade union organisation. Has vast experience in labour relations gained in Central Organization of Trade Unions where he is currently serving as the Secretary General and from other labour related institutions including The International Labour Organization, KPAWU and The Pan African Labour organisation of Africa trade union unity.

THE BOARD OF TRUSTEES



Mrs. Jacqueline Mugo, EBS, MBS, OGW

Trustee

Born in 1957 appointed Trustee on 17/09/2018. Jacqueline Mugo, EBS, MBS, OGW is the Executive Director and Chief Executive Officer of the Federation of Kenya Employers. Jacqueline plays a strong leadership role in the continent and represents employers and the private sector at the regional and international level including the Governing Body of the International Labour Organization (ILO) and the International Organization of Employers (IOE), both based in Geneva, Switzerland the ACP-EU Follow-up Committee in Brussels and several public sector boards in Kenya. Jacqueline is an advocate of the High Court of Kenya. She holds a Bachelor of Laws (LLB, Hons) degree, from the University of Nairobi and a Higher Diploma in Human Resource Management from the Institute of Personnel Management and is a graduate of Kenya School of Law. She has over 30 years’ experience acquired from serving in the public and private sector covering legal, human resource management, governance, advocacy and leadership.

Mr. Mark J. Obuya

Trustee

Born in 1957 and appointed Trustee on 20/02/2017. He holds a Master of Laws degree in Law, Science and Technology and a Bachelor of Laws degree both from the University of Nairobi. A Diploma in Law from the Kenya School of Law. He is an Advocate of the High Court of Kenya. He is also an Associate of the Chartered Insurance Institute (ACII) London, a Certified Environmental Impact/Risk Auditor and a Patent Agent (KIPI). He is a seasoned and highly experienced professional with a solid knowledge of the law, insurance, finance, investments and social security. He is currently the National President of the Federation of Kenya Employers and the Chief Executive Officer of Corporate Insurance Company Limited.



Dr. Damaris Muhika

Trustee

Appointed trustee on 03/02/2018. Was born in 1977. She holds a Doctor of Philosophy degree in finance and business administration from Jomo Kenyatta University of Agriculture & Technology; an MBA (Africa Nazarene university); Bachelor of commerce (African Nazarene university). She is experienced in labour matters, currently serving as programs coordinator at the Central Organization of Trade Unions. She is also involved in Lecturing and Accounting.



Prof. Marion Mutugi, EBS

Trustee

Born in 1959, Prof. Mutugi was appointed on 06/06/2018. She is a medical geneticist with a PhD from the University of Edinburgh Scotland, an MSc from the University of Nairobi and an Executive MBA from JKUAT. A scholar and researcher, Prof. Mutugi has held various management and governance responsibilities in national and international organizations. She is a member of professional associations in her discipline as well as the Institute of Directors of Kenya and the Kenya Institute of Management.

Dr. Anthony Omerikwa, MBS

CEO / Managing Trustee

Born in 1977 and appointed Chief Executive Officer/ Managing on 21/11/2019. He holds a PhD; Ed.S; MSc (HRD); Bachelor of Arts (Economics); and Diploma in Management Information Systems. Experienced in the Public Sector having worked in various Government Agencies. Dr. Omerikwa is a member of the Institute of Directors and the Kenya Institute of Management.



SENIOR MANAGEMENT TEAM



Dr. Anthony Omerikwa, MBS

CEO / Managing Trustee

Born in 1977 and appointed Chief Executive Officer/ Managing on 21/11/2019. He holds a PhD; Ed.S; MSc (HRD); Bachelor of Arts (Economics); and Diploma in Management Information Systems. Experienced in the Public Sector having worked in various Government Agencies. Dr. Omerikwa is a member of the Institute of Directors and the Kenya Institute of Management.

Mr Austin Ouko

Ag. General Manager Corporate Affairs

Born in 1981.Mr. Austin Ouko is an Advocate of the High Court of Kenya and a registered Certified Public Secretary with over a decade experience in transactional, corporate and commercial law in both public and private companies. Austin is a Fellow of the Chartered Institute of Arbitrators UK. He is a member and an Accredited Governance Auditor with the Institute of Certified Secretaries, Kenya. He holds a Master of the Science of Law (JSM) degree from the prestigious Stanford University Law School. He also holds a Master of Laws degree (LL.M) in Public Finance and Financial Services Law and a Bachelor of Laws (LL.B) degree both from the University of Nairobi. He holds a post graduate diploma in Law from the Kenya School of Law. A post graduate diploma in Domestic Arbitration awarded by the Chartered Institute of Arbitrators, UK and a post graduate diploma in International Commercial Law awarded by the College of Law of England and Wales. He has published several articles in referred journals in corporate governance. Currently, he is the Acting General Manager (Corporate Affairs/Corporation Secretary) at the National Social Security Fund (NSSF) and previously worked as a Senior Legal Officer at the Standard Group Limited.



Mr. Moses Cheseto

Ag. General Manager Finance & Investments

Born in 1974. He holds an MA in Planning; a BA in Land Economics. He is a member of the Institute of Certified Financial Analyst (CFA), Registered real estate valuer and full member of Institute of Surveyors of Kenya Lead expert in Environmental Impact and Assessment Audit (EIA). He is responsible for the identification & implementation of Finance & Investment strategic objectives/ policies; Management Finance & Investment portfolio; Formulation of strategies to maximize return on members' funds; and development and review Financial/ Investment policies. He achieves this by supervising the following departments: Finance, Capital & Money Markets, Property Development, and Property management.





Mr. Mohamoud Sebit

Ag. Manager, Audit and Risk

Born in May 1967. He holds BA (Economics). He is a qualified Internal Auditor and a member of the Institute of Internal Auditors, the Information Systems Audit and Control Association, the Association of the Certified Fraud Examiners and the Ethics Institute of East Africa

He is also an Accredited Internal Audit Quality Assessor and a qualified Risk Management and Control Professional. He reports to the Board of Trustees on risk and audit matters of the Fund.

Mr. George Mwandembo

Ag. Manager, Procurement

Born in January, 1966. Holds a BA (Economics & Government), CIPS, CIPP, MCIPS, MKISM, MIAPM. Has 29 Years experience in management including 13 years in Procurement & Supply Chain Management.

He reports directly to the CEO and is charged with implementing the Public Procurement and Asset Disposal Act 2015, and providing leadership in procurement and disposal of goods and services for the Fund.

Mr. Stephen Obare

Manager Information and Communication Technology

Born in 1980. Holds an M.Sc., B.Sc. in Computer Science (UoN); Senior Leadership Development Programme (KSG); New Managers Leadership Program (Strathmore University); Corporate Governance (Center for Corporate Governance). Certified in a number of technologies including SAP Basis, CBAP, Oracle (OCP, OCA), Cisco (CCNP, CCNA), Microsoft (MCP, MCSA, MCSE), ITIL, PRINCE2, CEH, Fortinet, CISA, etc.

Reporting to the CEO, he is responsible for overseeing the overall strategic direction, management and operation of the Fund's ICT systems consistent with the strategic and operational objectives of the Fund.

MANAGEMENT TEAM



Left to right, front row: Mr. Omar Khamis, Ms Marieta Mutinda, Dr. Anthony Omerikwa, Ms Caroline Odera, Mr. David Mwangangi, Ms Susan Murila, Ms. Catherine Ouma, Mr. Sebit Mahmoud.

Left to right, back row: Ms. Carolyn Okul, Ms. Rosemary Oluoch, Mr. Obed Mbuvi, Mr. Evans Ombui, Mr. Stephen Obare, Ms. Judith Owinyo, Dr. Chrostopher Khisa, Ms. Millicent Awiti, Mr Austin Ouko, Mr.Peter Muiruri.

HAZINA CLOSE MILIMANI

**Few units
AVAILABLE**



A Development of 104 No. 3 bedroomed with DSQ all ensuite, High End, Executive Apartments **ready for occupation**. Access is through either State House Road or Jakaya Kikwete Road.

Special Features:

- Specially designed and spacious to afford maximum comfort
- Social amenities – Swimming pool, Gymnasium, Steam and Sauna
- Abundant water supply from Borehole treated with reverse osmosis and County Water supply
- Electric Fence, CCTV Surveillance
- All blocks are fitted with lifts

- Ample parking
- Environmental friendly open space and landscaping
- Walking distance to City Centre
- Secure neighborhood

Payment options:

- Cash sale
- Financiers: NSSF has partnered with Kenya Commercial Bank and Stanbic Bank to provide attractive Financing Package.

For more information and viewing, please contact the following persons:



Joshua - 0723283504
jckirui@kcbgroup.com



Beatrice - 0725396644
otiatob@stanbic.com



Joanne - 0733562491
homes@nssfkenya.co.ke

DIAL *303# FOR NSSF SERVICES

Tel: 020 2729911 / 2710552 Toll-Free Line: 0800 2212744,

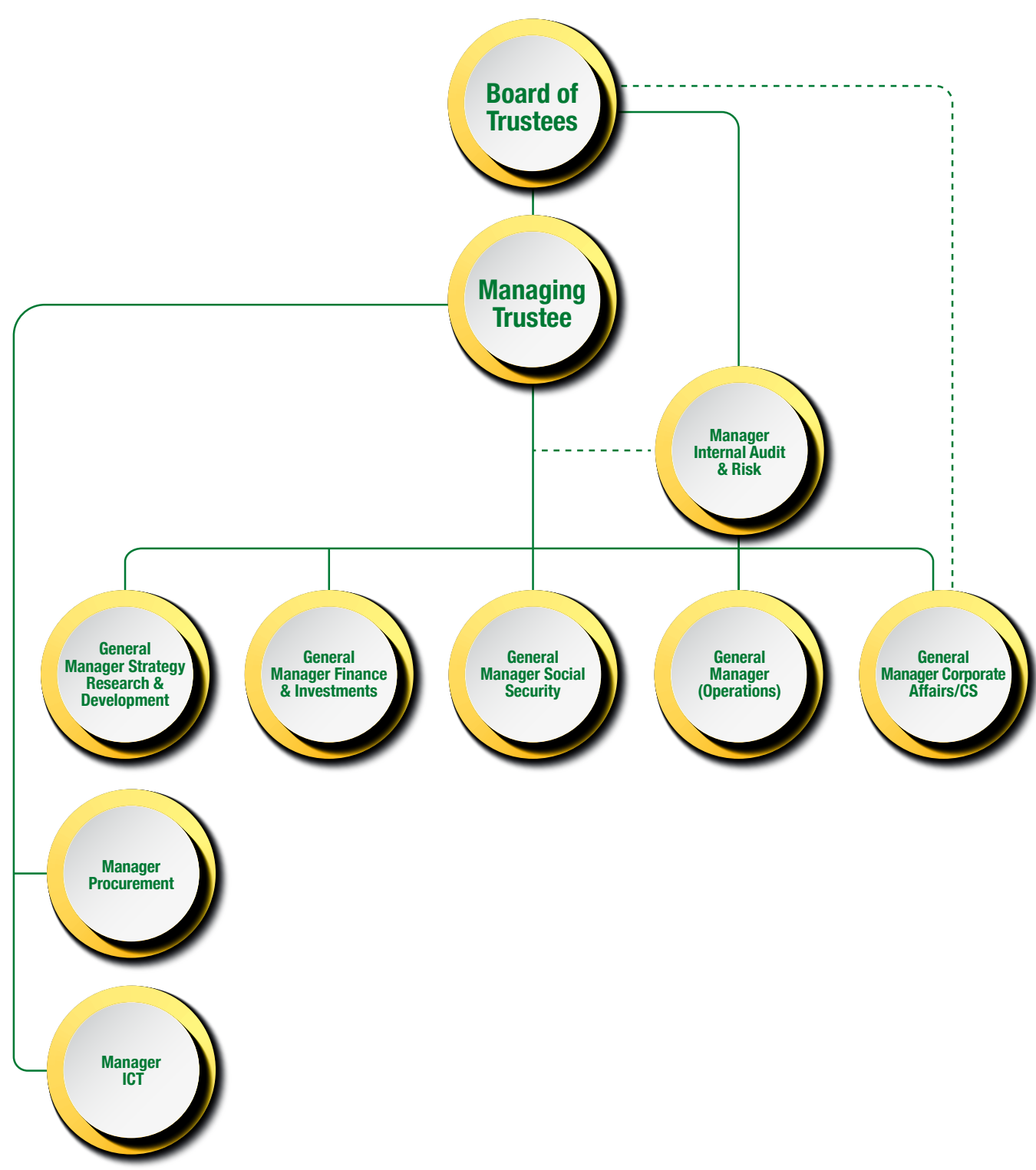
Call 0709 583 000 /0730 882 000

Email: info@nssfkenya.co.ke

 **NSSF Kenya**  **NSSF_ke**



COMPANY ORGANOGRAM





Dial *303# to
check your NSSF
statement.

NSSF Growing You. For Good



CHAIRMAN'S STATEMENT



Dear Members, it gives me great pleasure once again to present to you the annual report and financial statements of National Social Security Fund for the year ended 30th June 2021. The year was marked with improved performance despite the uncertainties of the prolonged Covid-19 pandemic.

Operating Environment

Our customers – employers and employees – are spread across both geographic and economic spectrum of Kenya. We invest contributions received from these customers in various investment options that are influenced by both global and local macro-economic factors. It is for this reason that I wish to highlight a summary of economic activities during the year before I present the actual financial performance.

Gen. (Rtd) Dr. Julius W. Karangi

Global Economy

The global economy is expected to grow by 6.0 per cent in 2021, with emerging markets and developing economies making the highest contribution to this growth. Sub-Saharan Africa is expected to grow by 3.4 per cent in 2021, supported by improved exports commodity prices and a recovery of private consumption and investment.

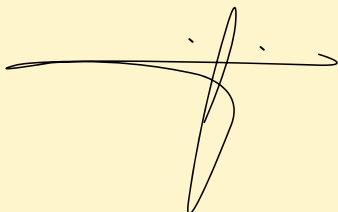
Kenyan Economy

Kenya's economy is projected to grow by 7.6 per cent in 2021. The hospitality industry is recovering with higher number of tourist arrivals by air in 2021 compared to 2020. Further, the upward trend in cement production and consumption is an indication of a growing construction industry.

The hospitality industry is recovering with higher number of tourist arrivals by air in 2021 compared to 2020. Further, the upward trend in cement production and consumption is an indication of a growing construction industry.

Inflation

The overall inflation in Kenya as at June 2021 averaged 6.32 per cent from 5.87 per cent in May 2021, reaching the highest level within the year under review. Fuel was the major contributor to the overall inflation, occasioned by the increase in oil price internationally. Consumer prices increased by 0.1 percent year-on-year in June of 2021, following a 0.2 percent increase in the previous month.



Gen. (Rtd) Dr. Julius W. Karangi
EGH, CBS, DCO, LOM 'ndc' 'psc' (K)
Chairman, Board of Trustees
3 May 2021

Financial Performance

I am therefore pleased to announce the financial performance of our great Fund. In the just ended financial year, the Fund recorded an increase in members' funds by Kes.34.8 billion as compared to Kes.14.6 billion in the previous year. The Fund value grew from Kes.249.6 billion to Kes.284.49 billion, an equivalent of 14% growth.

Challenges

The National Social Security Fund business environment faced unprecedented moments in 2020 resulting from Covid-19 pandemic which negatively impacted all aspects of the world economy, putting pressure on consumption and adversely impacting the ability to save on social protection. The Fund instituted measures to curb the spread. The Fund will continue to focus on safety, operational excellence, and investment strategies to boost return on member's investment while mitigating challenges caused by the impacts of Covid-19 pandemic.

Outlook

The International Monetary Fund (IMF) and the World Bank project a stronger economic recovery, at 6% in 2021, amidst Covid-19 pandemic shock. This is attributed to effectiveness of global policy support to provide covid-19 vaccine powered normalization.

Conclusion

The Board of Trustees is committed in its mission to maximize and deliver high value to members by optimizing internal competencies, leveraging on technology and innovation as a medium of improving performance.

MISSION

To provide adequate income replacement to members through prudent investments and prompt payment of benefits.

VISION

To be the trusted social security provider



**Dial *303*1#
to register for Haba
Haba Na NSSF**

STAY HOME | STAY SAFE



NSSF Growing You. For Good



REPORT OF THE CHIEF EXECUTIVE OFFICER

This year came with great lessons in resilience and adaptability. As the widespread pandemic made it difficult for businesses to operate on full capacity, some of our customers found it difficult to meet their obligations. Consequently, management took a strategic shift by rededicating effort towards value retention of the investment portfolio and devised mechanisms that supported our stakeholders to beat the ravages of COVID-19.

To this end, I am pleased with the way we have demonstrated our resilience to deliver impressive growth of the Fund value by Kes. 34.8 billion.

Business Continuity and Resilience

During this period, we chose to be there for our stakeholders as they battled the effects of covid-19. We appreciated the tight spot that some of our customers found themselves in and the Board of Trustees responded by approving a rent waiver for struggling tenants to help them cope with the difficult circumstances. We also reached out to vulnerable communities and frontline workers with protective supplies to boost their safety plans.

Additionally, we recognized the plight of our staff at both professional and personal levels and made appropriate arrangements to help them continue serving the Fund diligently. For instance, we cushioned our vulnerable staff by allowing them to work from home and even went further to institute a shift system among the other staff to avoid contagion effect in the entire establishment.

In spite of these challenges, our staff did a terrific job to ensure that our members got good experience while taking every step to slow down the spread of the virus. I am indeed proud of our staff who kept working hard to keep our members happy and satisfied amidst this very challenging environment.

Financial Results

The economic turbulence that accompanied the pandemic has tested the adaptability of our business model to keep delivering our mandate to our members, staff, and business partners. Despite suppressed compliance activity during the year, member contribution of Kes 14.47 billion while benefit paid to members hit Kes.5.9 billion up from Kes.4.4 billion disbursed in the previous year.

The Fund recorded a net return on investments of Kes. 32.32 billion against a budget of Kes. 24.6 billion, this impressive performance, which is 10% above budget, is mainly attributed to our refreshed



Dr. Anthony Omerikwa

strategic priorities. From the foregoing, the Fund ended the year with a 14% growth, increasing the fund value to KES 284.49 billion. Indeed, we are among the few business players in this economy that reported a double-digit growth this year.

Customer-Centric Model

We have retrofitted our business model to focus our operations on the member more than ever before and guarantee business continuity in disruptive circumstances. We have adopted contemporary technologies to create the best experience for our customers across all our operations. This guarantees efficient delivery of services to our customers through more interactive platforms and ensures that their data is well profiled to give them personalized services. Currently, customers can interact with us on digital platforms for almost 90% of our services without having to visit our offices.

In our quest to be the trusted provider of Social Security, we commit to continue making prudent investments in high yielding portfolios while being mindful of the attendant risks. This would go a long way to ensure that our members receive the highest value possible for their contributions in form of adequate income replacement and prompt payment of benefits when they fall due.

We strongly value transformational approaches in upholding customer care, integrity and accountability in all our operations. It is against this background that we have made a number of strategic partnerships with various entities to ensure that our members get the best services out of the ensuing synergy.

Technology and Innovation

To enhance communication with our customers, we have ventured in artificial intelligence with the introduction of WhatsApp Chatbot where customers' questions are answered in the shortest time possible. We have also integrated with our bankers to ensure that our customers can remit their contributions or rent payments through EFT, RTGS and even MPESA from the comfort of their offices and generate the receipts. The long queues in our offices is now a thing of the past. Further, we are now making benefit payments through MPESA for low value claims.

In the same breath, we have partnered with Business Registration Bureau for automated registration for new employers, such that employers registering their businesses at the bureau will no longer have to visit our offices to register with us – they get automatic NSSF registration from the bureau. Additionally, we learnt that NSSF compliance certificate is very important for most businesses and have therefore made it possible to be issued online through our eService platform.

Outlook

Our unique positioning in the pension industry gives us the financial strength, balance, and resilience needed to surmount market challenges. We are therefore determined to spread this business beyond the traditional markets of employer-employee nexus, to include the informal sector that remains largely untouched. We will continue to exploit our digital capabilities to reach our members over a wider geographical area.

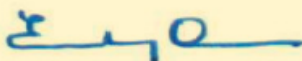
Knowing that the country's economic growth depends on the activity of capital markets which provide an opportunity for consolidation of funds and make them available to fund long-term development projects, we will continue playing our role as one of the major participants in the capital and money markets and make most of the investment opportunities therein.

We also plan to settle the protracted staffing and organization structure programmes to create a more potent human resource. Several important milestones have already been covered in this regard.

To enhance communication with our customers, we have ventured in artificial intelligence with the introduction of WhatsApp Chatbot where customers' questions are answered in the shortest time possible.

Conclusion

Finally, I wish to thank the staff of the Fund without whom we would not have been able to achieve these strides. I urge you to continue putting the interest of our members ahead of everything else. In a similar way, I also wish to commend the invaluable support I have received from the senior management in the various roles across the breadth of the Fund. Finally, I want to express my profound gratitude to the Board of Trustees for the stewardship, support, and challenge they have given us to push forward the business. Thank you so much, God bless the Fund.



Dr. Anthony Omerikwa, MBS

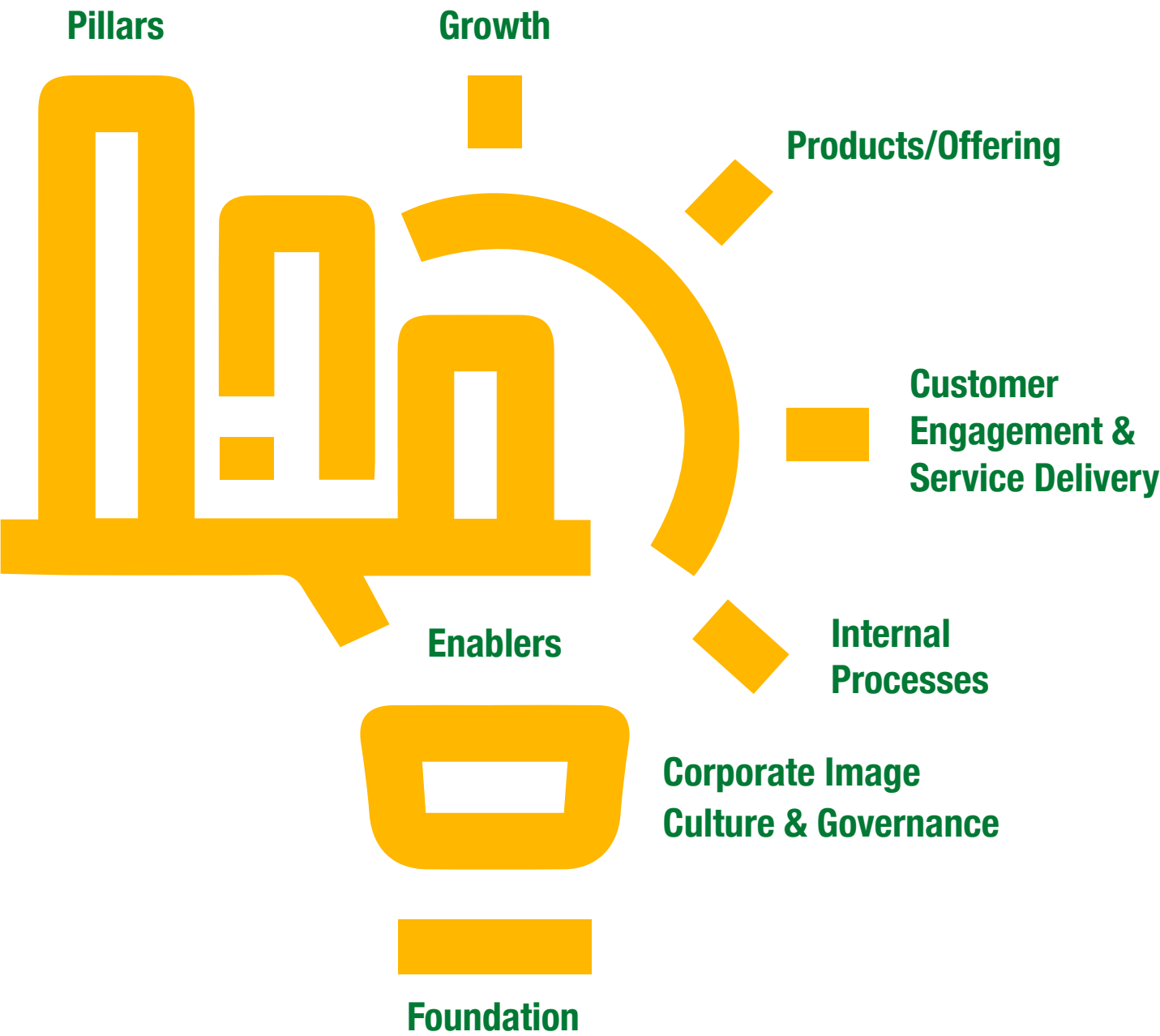
CEO/ Managing Trustee

3 May 2021

VISION: TO BE THE TRUSTED SOCIAL SECURITY PROVIDER

Results:

- Enhanced employee engagement and motivation
 - Increased employee performance
 - Improved compliance
 - Increased financial sustainability
- Increased internal sector contributors
- Improved member experience & satisfaction
 - Increased efficiency
 - Enhanced corporate image



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

For the Year 2020/2021

During the year under review the Fund developed a new strategic plan putting into consideration the changes in The Fund’s operating environment and the need to strategically position the Fund as a first pillar in provision of Social Security. The Fund reviewed its vision statement with the view of aligning it to speak to the needs of the customers, enhanced the mission statement and introduced customer value proposition and inclusion of transformation as one of our core values. The NSSF Act No. 45 of 2013 seeks to provide basic social security for its members and their dependents for various contingencies as well as increase membership coverage of social security scheme. During the period under review The Fund developed “habahaba” targeted at the informal sector because Kenya has one of the highest levels of old age dependency in the world, with a dependency of 81 % while old age poverty rate stands at 55 percent.

Vision	To be the trusted Social Security provider					
Mission	To provide adequate income replacement to members through prudent investments and prompt payment of benefits					
Strategic Pillars &	Growth	Product/Offering	Customer Engagement & Service Delivery	Internal Processes	Corporate Image	Culture & Governance
Strategic Objectives	To significantly grow the fund actuarial values	To develop a portfolio of value adding products and services	To ensure customer centricity	To achieve and sustain high operational efficiency	To enhance the brand of the Fund	To improve The Fund’s performance, culture and corporate compliance
Core Values	Customer Focus, Integrity, Accountability, Transformational, Care					

New Business Model

In order to support these and other initiatives, the Fund is transitioning from the traditional business model to a value driven approach where the Fund builds an ecosystem for our customers to connect their needs despite dissimilar services offered by other organizations. The Fund has adopted a new business model in response dubbed “Strategic Partnerships” to extend our presence in the value chain. The model provides opportunities for partnership with both private and public organization with a view of providing complementarities.

Strategy Implementation and Monitoring

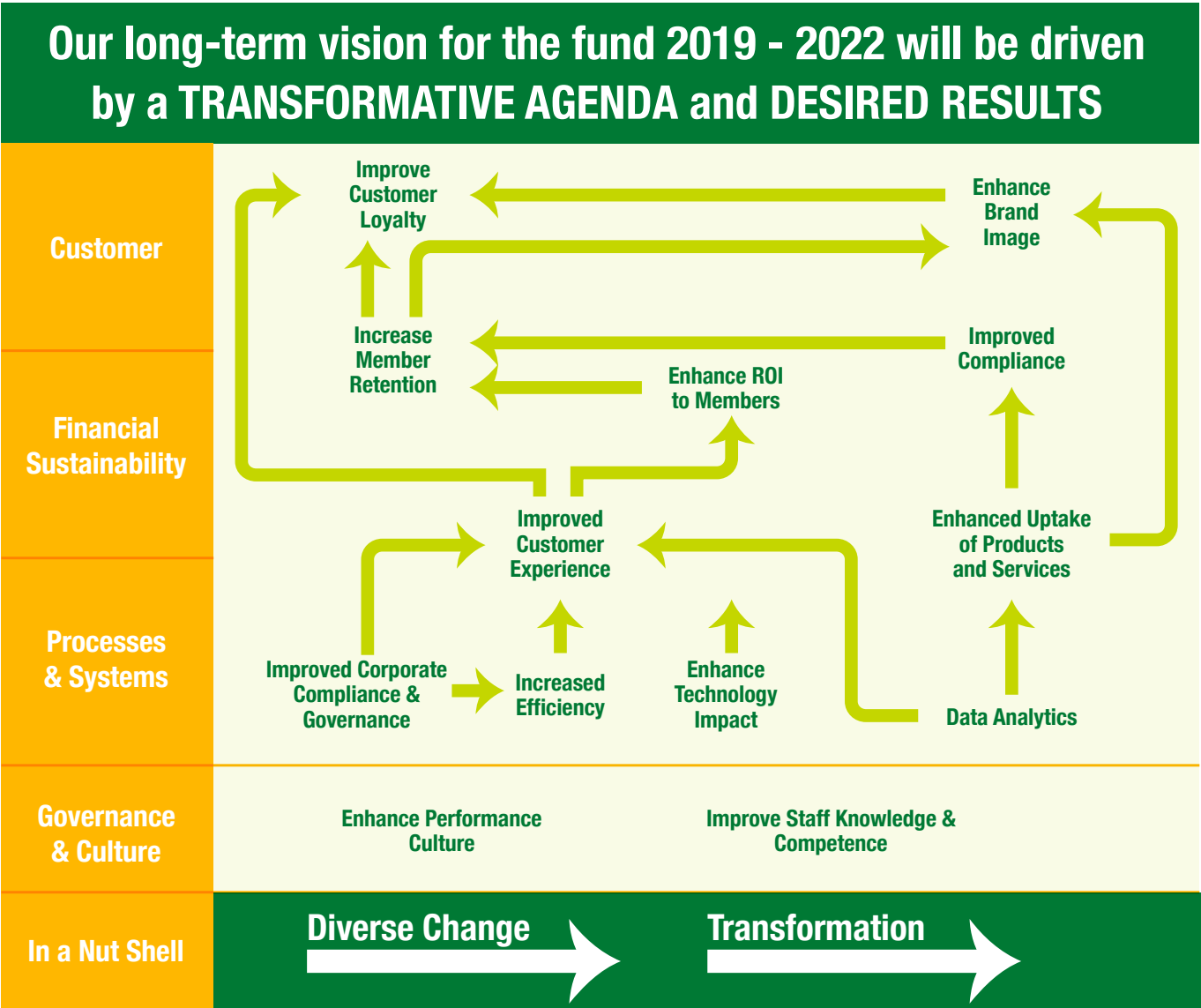
The Fund has adopted the Balance Scorecard, a performance management system, as a tool for effective operationalisation and monitoring of the strategy. The Fund’s focus in the strategy will be on six identified objectives which are organised around the scorecard perspectives for balanced growth: financial, customers and stakeholders, internal processes, and culture and Governance. To successfully implement the strategy, we have developed an effective framework prioritising on the objectives, key performance indicators and initiatives to help us deliver value to our customers. The score card is integrated with the Performance Contract and has been aligned with the Performance Appraisal system, staff are appraised on a quarterly basis to monitor progress and performance.

REVIEW OF NSSF'S PERFORMANCE (continued)

For the Year 2019/2020

STRATEGIC PILLAR	OBJECTIVE	ACTIVITIES	KEY PERFORMANCE INDICATORS	TARGET	ACHIEVEMENTS 2020/2021 FY
Growth	To significantly grow the Fund actuarial values	a) Follow through with court process to conclude cases	Fund Value from 249 billion in 2019/2020 to 302 Billions in 2020/2021	302	285
		b) Seek Alternative Dispute Resolution to operationalize Sections 18, 19, 20 & 71 of the NSSF Act No. 45 of 2013	Annual Contributions (B)	17.6	14.47
		c) Grow the coverage of the Informal Sector	Investment Income (B)	23.8	21.53
		d) Increase Compliance.	Operating Cost as a % of realized income	31%	29.80%
		e) Enhance and diversify Investment Portfolio.	Active Informal Sector Members (Million)	0.7	87,052
Customer Engagement & Service Delivery	To Ensure Customer-Centricity	a) Design customer-focused products and services.	Active Members	4	2.3
		b) Effectively deliver information and products/services through multiple channels.	TAT to pay Claims (Days)	19	28
		c) Ensure benefits portability across EAC countries.	Member ROI (%)	7	4
Products and Services	To Develop a Portfolio of Value-Adding Products and Services	a) Carry out research to enhance existing products and services guided by customer needs.	New Products	2	2
		b) Diversify the Fund's products portfolio			
Internal Processes	To achieve and sustain high operational efficiency	a) Continuously review business processes for increased efficiency.	Administration cost to Fund value (%) Status Quo	1.5	2.24
		b) Digitize key manual processes of the Fund and align to Corporate Strategic Plan	Number of manual processes automated	1	3
		c) Develop and implement a records management strategy	No. of existing systems upgraded in line with re-engineered processes and changing business needs	2	3
			Extend of meeting external service charter targets (%)	82	89
			No. of users trained in ICT competency	50	150
			No. of users trained on records management	90	217
			Time taken to retrieve records	-5%	-13%

Culture and Governance	To improve the Fund's performance Culture and corporate compliance	a) Develop and implement a performance-based reward system	Corruption Perception Index (%)	18	18.6
		b) Ensure people are 'right-fitted' to their jobs.	Legal Compliance (%)		
		c) Institutionalize Knowledge Management	Average employee performance rating	100	100
		d) Develop and implement a culture that inculcates the Fund's core values into the behaviour and motivation of employees.	Contributions debt to Member Funds %	4.2	Not Completed
		e) Adopt best practice efficient-oriented operational model.	Investments debt to Investments value (%)	1-5%	3%
		f) Enhance the Corporate Compliance of the Fund.		1-5%	3%



CORPORATE GOVERNANCE STATEMENT

Corporate governance and its relationship to risk oversight is a continuing concern in present-day business. The Fund is committed to the highest standards of corporate governance and business ethics. Recognizing that good corporate governance is key to the enhancement of our business prospects, the Board of Trustees endeavours to discharge its mandate in the best interest of the Fund, her members, business partners and the public.

Even though the Board of Trustees delegates the authority for day-to-day management of the Fund to the CEO / Managing Trustee, it retains overall responsibility for the Fund's financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring efficient and effective management of the business.

Attendance of Board Meetings and Remuneration

Board Attendance and Allowances for 2020-2021FY Analysis

Trustee	Date Appointed	Board Position	Committees			Full Board	Other Meetings	Total Meetings	Board Allowances	Other	Total
			FISS	HRLS	A&R						
Gen Rtd. Julius Karangi	06.06.2018	Chairman				5	1	6	300,000	1,650,000	1,950,000
Hon. Joseph Lekuton	06.06.2018	Member	2	2	-	2	1	7	350,000	603,557	953,557
Prof. Marion Mutugi	06.06.2018	Member		11	8	3	10	32	1,600,000	600,000	2,200,000
Dr. Francis Atwoli	17.09.2018	Member	5	6	-	4	1	16	800,000	600,000	1,400,000
Mrs. Jacqueline Mugo	17.09.2018	Member		10	8	5	3	26	1,300,000	600,000	1,900,000
Dr. Damaris Muhika	03.02.2018	Member			4	3	7	14	700,000	600,000	1,300,000
Mr. Mark Obuya	20.02.2017	Member	10	12	-	5	12	39	1,950,000	600,000	2,550,000
Eng. Peter Tum	01.03.2019	Member	8		4	4	2	18	900,000	-	900,000
Prof. Galgalo Barako	19.06.2019	Member	10		7	5	5	27	1,350,000	-	1,350,000
									9,250,000	5,253,557	14,503,557

Other Board Expenses	
Directors Fees Year 2020/2021 -Retainer Fees Treasury	600,000
Directors Fees Year 2020/2021 -Retainer Fees ministry of labour	600,000
Insurance Cover	791,456
Board Seminars and Trainings	3,192,784
TOTAL BOARD EXPENSES	19,687,797

Succession Planning and Board Charter

Board members are appointed in a staggered manner, with a two-month hiatus. This provides stability in oversight of the Fund by ensuring that there is always a proportion of trustees on the board with requisite institutional memory concerning, not only the business of the Fund, but also its long-term strategic perspective. The board has a Board Charter and an approved Governance Framework. These provide trustees with the guiding principles to enable the effective discharge of their duties in overseeing the affairs of the Fund.

The Appointment and Removal Of Trustees

The National Social Security Fund Act, 2013, guides the appointment and removal of Board of Trustees. The Board is fully constituted with nine Trustees in a tripartite arrangement. Five members, including the Chairman, are nominees of the Government; two are nominees of the most representative employers' organization, and the other two are nominated by the most representative workers' organization. Of the five nominated by the Government, three are independent persons appointed by the Cabinet Secretary in charge of social security by virtue of their knowledge in matters relating to administration of scheme funds, actuarial science, insurance, accounting and auditing or law.

The Act further stipulates circumstances under which a trustee can be removed from office. The circumstances include absenteeism from three consecutive Board meetings, without permission of the chairperson and plausible reason. If adjudged bankrupt or enters into a composition or arrangement with his creditors. If he is disqualified under any provision of the Constitution or any other written law from holding a public office. If he is convicted of a criminal offence, which brings to question his capacity or integrity to serve as a Trustee, and sentenced to imprisonment for a term of six months or more. If incapacitated by prolonged physical or mental illness. If they are unable or unfit to discharge their responsibilities under the Act.

Roles and Functions of The Board

The Board of Trustees is charged with the responsibility of establishing the long-term goals and strategies of the Fund and ensuring that they are implemented. This is achieved through determining the vision, mission, core values, and broad policies of the Fund and ensuring that structures and policies including organization systems, technology, and human resources are in place to achieve the Fund's purpose and objectives. The Board sets targets, monitors performance and determines the key performance indicators of the Fund through three established board committees. The committees are Finance, Investment and social Security; Human resource, legal and strategy; and Audit & Risk with clear terms of reference.

The Board is also expected to exercise objective judgment of its performance, independent from the Management, but with sufficient management information. This involves assessing its own performance and effectiveness at both Board level and individual Trustees. In its fiduciary role, the Board ensures that procedures and practices are in place to protect the Fund's assets and reputation. It therefore identifies key risk areas and key performance indicators of the Fund's mandate, constantly monitoring, and reviewing processes and procedures to ensure the effectiveness of the Fund's internal systems of control.

Remuneration of The Board of Trustees

The remuneration of the Board of Trustees is as per Section 13 of the NSSF Act of 2013.

Induction and Training

On appointment to the Board, the Trustees have the benefit of an induction programme aimed at deepening their understanding of the Board, and the business environment in which the Fund operates. This includes background materials, meetings with senior management, and visits to the Fund's facilities. The induction programme is structured to cover their powers, responsibilities, the Board structure, membership, and processes. Additionally, knowledge of the Fund's business processes, corporate strategies, management, and key human resources of the Fund, knowledge of the financial documents, annual accounts, and the Trustees' Reports form part of the induction.

Further, as part of the induction programme, newly appointed Trustees receive the Governance Framework, which contains the essential Board information. Training remains continuous to update Trustees with changes and trends in the Fund's business, which include changes and trends in the economic, political, social and legal environment generally.

During the period, Trustee Dr Damaris Muhika's term expired on 3rd February 2021 and Trustee Joseph Lekuton was degazetted. The two Trustees were yet to be replaced as at 30 June 2021. replaced.

CORPORATE GOVERNANCE STATEMENT (continued)

BOARD COMMITTEES

Audit and Risk Committee

Members:

- | | |
|--------------------------------------|---------------|
| 1. Dr. Damaris Muhika | - Chairperson |
| 2. Prof. Marion Mutugi, EBS | - Member |
| 3. Prof. Dulacha Galgalo Barako, PHD | - Member |
| 4. Mrs. Jacqueline Mugo, OGW, MBS | - Member |
| 5. PS State Department for Labour | - Member |



The Committee is entrusted with the responsibility of ensuring overall compliance, governance and risk management. It evaluates adequacy of management procedures regarding risk management, control, and governance. It reviews and approves the audit charter and the internal audit annual work plans.

Further, the committee reviews internal and external audit findings, recommends, and proposes corrective and preventive action. To maintain strong internal controls, the committee reviews the systems established to ensure sound public financial management as well as compliance with policies, laws, regulations, procedures, plans and ethics. Initiating special audit or investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency. This is done in consultation with the accounting officer.

Finance, Investments and Social Security Committee (FISS)

Members:

- | | |
|--|------------|
| 1. Hon. Joseph Lekuton | - Chairman |
| 2. Dr. Francis Atwoli EBS, MBS, (NOM, DZA) | - Member |
| 3. Mr. Mark J. Obuya | - Member |
| 4. Prof. Dulacha Galgalo Barako, PHD | - Member |
| 5. PS State Department for Labour | - Member |



The Committee assists the Board in fulfilling its core mandate besides directing the investment, financial and Information Technology function of the Fund. It achieves this by ensuring high standards of customer care, member registration, payment of benefits, marketing, including new product development, and IT strategy. The committee also oversees member contributions, Investment Policy, and performance of the Fund. Further, the committee is involved in review of budgets, financial statements, and accounting policies.

Human Resource, Legal & Strategy Committee (HRL&S)

Members:

- | | |
|--|---------------|
| 1. Prof. Marion Mutugi EBS | - Chairperson |
| 2. Mr. Mark J. Obuya | - Member |
| 3. Dr. Francis Atwoli EBS, MBS, (NOM, DZA) | - Member |
| 4. Mrs. Jacqueline Mugo OGW, MBS | - Member |
| 5. Hon. Joseph Lekuton | - Member |



The Committee oversees the Fund on matters relating to legal and Human Resource Development. It also provides guidance on matters relating to the overall corporate strategy of the Fund. It specifically provides review and guidance on human resource policies, legal cases, monitors strategic changes in the Fund, and oversight corporate governance practices.

The Chairman of the Board may opt to attend any of the Committee meetings upon invitation by the respective Chairpersons of the Committees.

Board and Member Performance

The board formulates and approves the annual work plan to guide the activities of the Board including meetings of the Board and committees throughout the year. For the financial year under consideration, the current board has scheduled a board and member performance evaluation in the second quarter of 2020/2021.

Conflict of Interest

The Fund has a procedure for handling conflict of interest. Trustees and staff who have an interest on a matter under deliberation or are engaging in business activities that are directly connected to or are in conflict with the interests of the Fund must declare it to either the Board or the Management. This is in addition to complying with any directions to avoid the conflict, which includes refraining from participating in any deliberations with respect to the matter of conflict. In addition, staff are required not to engage in private business during official working hours.

Ethics and Conduct

The NSSF has an approved Code of Conduct and Ethics that establishes standards of ethical conduct and behaviour for Trustees and staff. Observance of the Code ensures that the Fund maintains integrity and impartiality in public service. The Code supports the regulations governing the discipline and the general conduct of public officers. The Fund has established a fully-fledged Ethics and Integrity Department, which monitors and advises on the ethical conduct of staff and sensitises them on a regular basis. Committees have been established in all departments and branches to spearhead ethical behaviour.

Governance Audit

The Fund has an internal Governance audit mechanism and matrix to track the implementation of the Fund's governance framework. During the Financial year 2019/2020, the Fund has planned a comprehensive external governance audit.

The Board of Trustees oversees accountability and audit function, through its Audit and Risk Committee, by reviewing and approving the internal and external audit findings, instituting preventive measures, systems and internal controls. The committee initiates special investigation of allegations on corruption and accountability. It also undertakes analysis of various types of risks by establishing Risk checklist that is reviewed regularly.

Key Stakeholders of the Fund

- a) The government of Kenya, whose policies and legislative actions directly or indirectly affect the operations of the Fund.
- b) The Federation of Kenya employers whose decisions may have impact on the contribution receivable from their members.
- c) Employees and Central Organization Trade Unions: COTU's decisions affect employee relations.
- d) Citizens, Customers, Suppliers and other strategic business partners

CORPORATE GOVERNANCE STATEMENT (continued)

NSSF STAKEHOLDER ANALYSIS			
STAKEHOLDER	ROLE / RESPONSIBILITY	WHAT THEY CAN DO FOR NSSF	WHAT NSSF CAN DO FOR THEM
Employers (National and County Governments and Private Sector)	To support and promote social security	To register with NSSF, Remit employee deductions, Availing records for inspection as required	Employer registration, Issue Certificate of Compliance, Avail employers Statements, Acknowledge payments – receipts, Good governance, Employee registration, Provide information
Members	Register with NSSF.	Remit monthly contributions (Voluntary members), Promote and protect public interest.	Member registration, Member Statement, Benefits Payment, Good Governance, Better Returns, Provision of information, Promote and protect member interest.
Ministry of Labour and Social Protection	To formulate, coordinate and implement sound labour and employment policies for the attainment of social justice, industrial peace and enabling environment for employment creation	Policy formulation and advisory	Corporate Strategic Plan, Signing Performance Contracts, Submission of quarterly, performance reports
Ministry of Finance (National Treasury)	Formulate and implement macro-economic and fiscal policies.	Approval of annual budget, Represent the interest of the Government	Submit annual budget, submit quarterly financial reports, Submit quarterly performance reports, Implementation of policies
Federation of Kenya Employers	A platform for the articulation of key concerns of the employers in Kenya in the areas of socio-economic development.	Represent interests of employers, Policy support.	Availing performance reports
Central Organization of Trade Union (COTU)	Promote, Safeguard and Improve the welfare of all Workers through Social Dialogue and Effective Representation.	Represent interests of employees, Policy support.	Availing performance reports.
Retirement Benefits Authority (RBA)	To proactively promote savings for retirement in Kenya through safeguarding, supervising and facilitating the development of the retirement benefits sector.	Safeguard and supervise NSSF, Issue Certificate of compliance.	Submit performance reports, Submission of Deeds and Rules
Kenya Bureau Of Standards (KBS)	Provide Standards-based solutions that promote innovation, trade and quality life.	Certification on Management Systems	Conform to the requirements of: ISO 9001:2015; ISO 30401:2018 and ISO 27001:2013 Standards.

CORPORATE GOVERNANCE STATEMENT (continued)

Ethic & Anti-Corruption Commission (EACC)	To promote integrity and combat corruption through law enforcement, prevention and education.	Investigate corruption matters, Create awareness on corruption prevention	Submit quarterly Performance Reports on corruption eradication indicator.
Public Procurement Oversight Authority (PPOA)	Facilitate access to procurement opportunities by enabling regulation that fosters value for money for national socio-economic development	Compliance with the Procurement Act	Submission of report on YAGPO, Submission of report on tenders above kshs.5, 000,000.00 etc.
Kenya Revenue Authority(KRA)	Revenue Collection	Information sharing	Remission of tax deducted
Judiciary	Adjudication of criminal and civil cases	Adjudication	Provide evidence
Office of the Auditor General	Audit of Public Revenues and expenditure	Undertake Audit of NSSF operations	Provision of information
Development Partners	Provide technical support Provide financial support Share information	Provide technical support, provide financial support, Share information	Information sharing
Electronic & Print Media	Disseminate information	Dissemination and sharing of anticorruption information	Provide information
The Public	Support good governance initiatives	Provide information to support NSSF mandate	Promote and protect public interest, Awareness creation on Social Security
National Hospital Insurance Fund (NHIF)	To contribute towards universal health coverage in the provision of affordable, accessible, sustainable and quality health insurance through strategic resource pooling and healthcare purchasing in collaboration with stakeholders	Information sharing	Information sharing
National Environmental Management Authority	Management of the environment, and environmental policy	Approvals of all Development projects, Compliance Certificate	Compliance to the requirements
Financial Institutions (CBK KCB, NBK, Co-operative Bank)	Banking	Safe custody of cash, Bank statements, Declaration of interests	Cash/Cheque Deposits, Cash withdrawals
Ministry of Lands	Land administration	Conduct land searches, Issuance of titles	Payment of Land rates
National Assembly (PIC)	Legislation and oversight	Oversight NSSF operations	Implementation of recommendations

MANAGEMENT DISCUSSION AND ANALYSIS

A Report on The Operational and Financial Performance

The Fund’s operational and financial performance is based on the 2019-2022 Corporate Strategic Plan, Budget for 2020/2021, and the set targets as per 2020/2021 Performance Contract signed between the Board of Trustees and the Principal Secretary, Ministry of Labour and Social Protection, cascaded to management.

During the year ending 30 June 2021, contribution of Kes.14.47 billion was collected from 2.7 million members. This was 2% lower than the Kes.14.7 billion collected in the previous year. Benefit payment of Kes.5.89 billion was paid to members in the year ending 30 June 2021 compared with Kes.4.3 billion paid in the previous year. This was an increase by Kes.1.5 billion or 33% increase in the year under review.

The net income earned from the Fund’s investments in the year 2020/2021 amounted to Kes.32.7 billion, or 242% higher than the Kes.9.6 billion earned in 2019/2020. This was due to prudent shift towards treasury bonds. The Fund’s operating costs during the year amounted to Kes 6.44 billion or 19% higher than Kes.5.41 billion.

The Fund recorded a net increase in scheme funds of Kes.34.83 billion up from Kes.14.58 billion recorded in the previous financial year, leading to an increase in fund value from Kes.249.65 billion as at June 2020 to Kes.284.49 billion as at the close of this financial year.



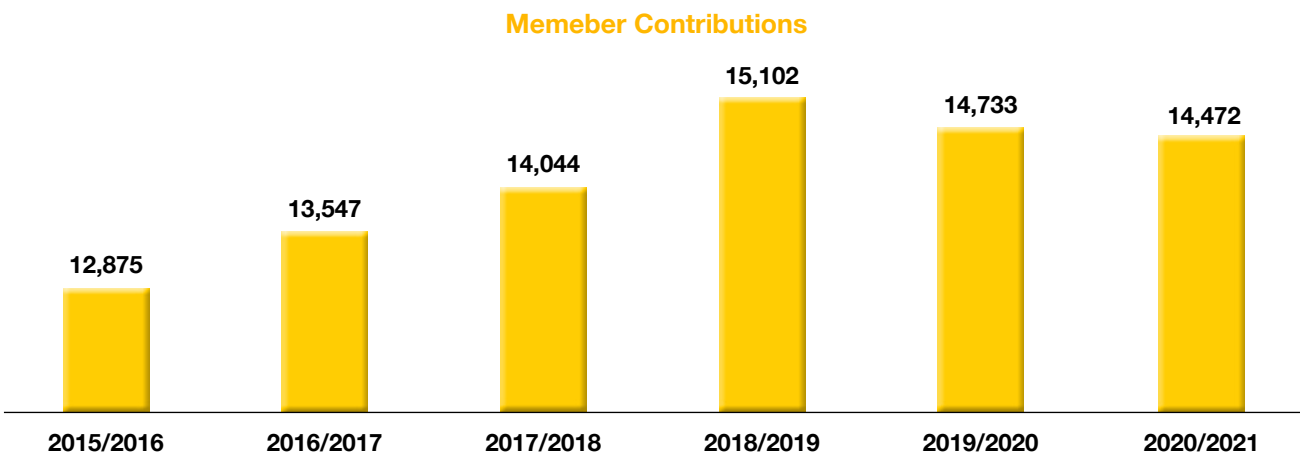
Key Performance Ratios

A summary of key performance ratios for the year as shown here below:

DETAILS	Actual	Actual	Actual	Actual	Actual	Actual
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	%	%	%	%	%	%
Staff costs to Operating Costs	62.09%	60.69%	73.80%	71.18%	70.64%	60.39%
Admin cost to Operating Costs	29.91%	27.82%	26.05%	26.42%	29.05%	37.58%
Operating Costs to Investment income	535.99%	31.35%	29.30%	64.61%	56.28%	19.46%
Operating Costs to Contributions	42.79%	47.24%	36.84%	38.19%	36.70%	44.12%
Total Operating Costs to Net Assets	3.20%	3.26%	2.33%	2.45%	2.17%	2.24%
Return on investments to Net Assets	0.60%	10.38%	9.32%	3.80%	3.85%	11.52%

Contributions

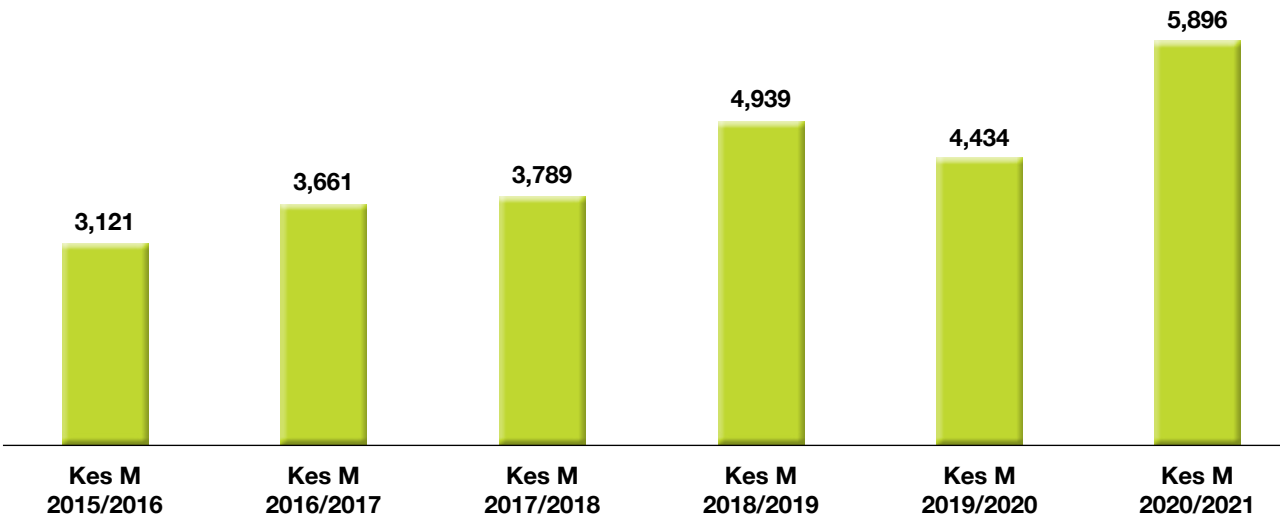
The Fund has seen member contribution decline from Kes. 15.1 billion collected in 2018/2019 to Kes. 14.5 billion collected in 2020/2021. This decline indicates the extent of the impact of covid-19 pandemic. This is consistent with the Economic Survey report by KNBS which shows that 700,000 jobs lost due to covid-19.



The Fund collected Kes.14.5 billion in the year 2020/2021, a performance of 82% against budget and 2% below similar period last year. The Covid-19 pandemic has affected contribution collection efforts leading to increased contribution arrears which stood at Kes.7.7 billion as at 30 June 2021.

Benefits Paid

Amount of benefits paid to members has grown from Kes. 3.12 billion in June 2016 to Kes. 5.89 billion in June 2021. The amount has therefore has almost doubled the benefits paid to members in a span of six financial years. Cumulatively the Fund has paid Kes. 25.8 billion in six years to its members. This demonstrates the critical role the Fund is playing in our society by providing social security to retired workers.

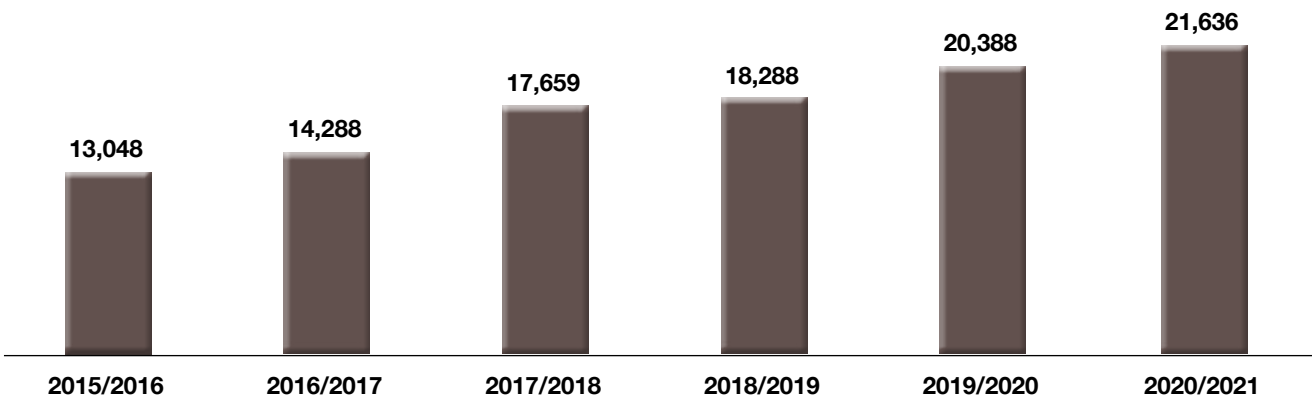


A total of 90,696 benefit claims with a total value of Kes. 5.89 billion were received from members, processed, and paid. This was 98% of the benefits that the Fund budgeted to pay in the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

A Report on The Operational and Financial Performance

Investment Income

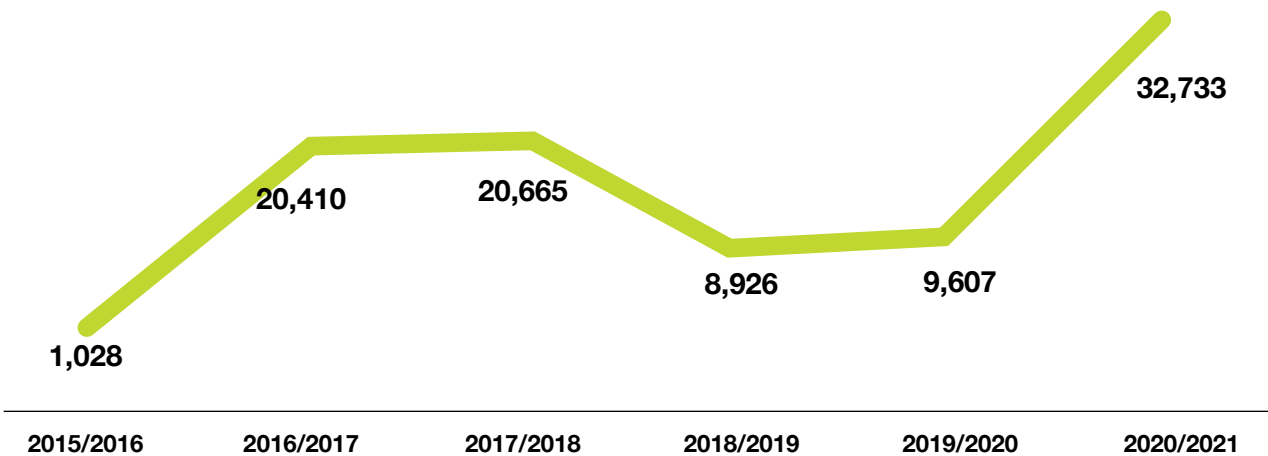


The Fund has experienced a steady growth in investment from Kes. 13 billion on 2015/2016 to Kes. 21.64 billion in 2020/2021 Financial year.

This follows a strategic decision taken by management to tweak allocation of investment funds towards treasury bonds whose return has performed above the inflation therefore preserving the value of members’ savings.

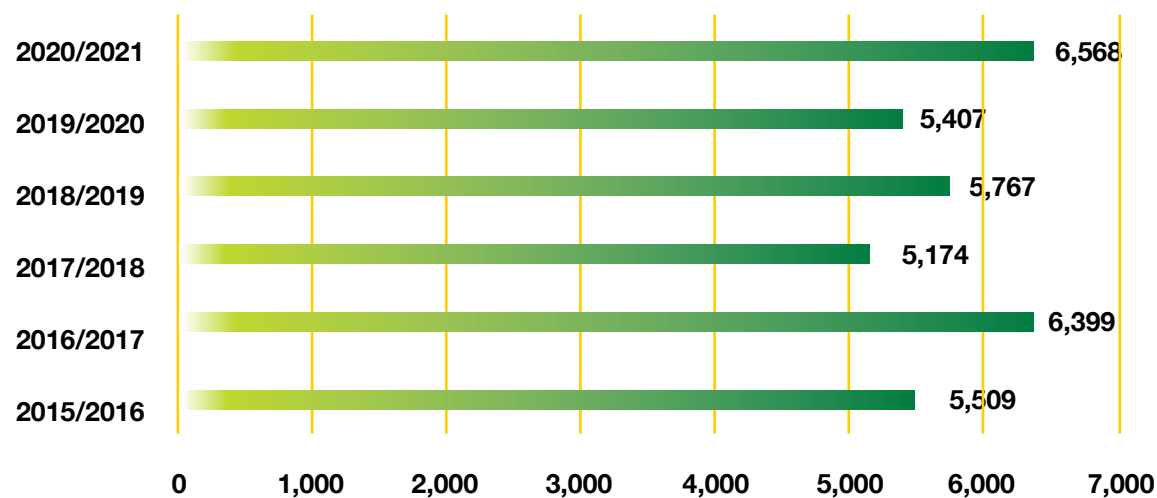
Net Return on Investments

Net ROI



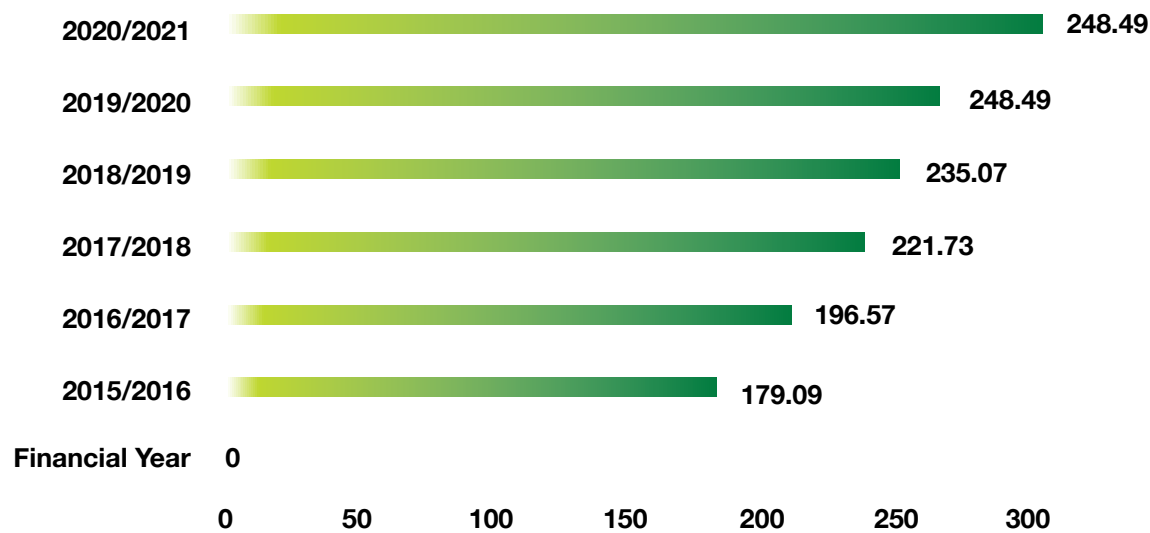
The return on investment of Kes. 32.73 billion is the highest in the last 6 years. Interest income earned from treasury bonds was the greatest contributor to this performance followed by appreciation in value of equities traded at the NSE.

Operating Cost



The operating cost incurred in year 2020/2021 was higher by 19% higher compared with 2019/2020 mainly because of a one-off project claim of Kes. 871 million in respect of Hazina Trade Centre and Kes. 130 million from an increase in provision for doubtful debts. However, the operating cost remained within the range of 2.26% of net assets, slightly above the 2% legal requirement.

Net Assets Growth Trend



The Fund’s net assets have continued to grow steadily despite the handicap occasioned by the court injunction against collection of new rates. The Fund was however able to perform at 94% of the 2019-2022 strategic plan target of Kes. 302 billion.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

A Report on The Operational and Financial Performance

Procurement Policy Statement

The Fund procures goods, works and services as per the provisions of the Public Procurement and Asset Disposal Act of 2015. The overall objective is optimal use of the Fund’s resources for quality service delivery to members. There is strict adherence to the approved budget and procurement plan in all procurement activities.

Strategic Direction

The Fund has identified three Pillars: Growth, Products & Services and Customer Engagement and Service Delivery. These constitute the first three strategic themes. In addition, there are two themes that act as enablers of the pillars. These are Internal Processes and Corporate Image. The pillars and enablers are predicated on one strategic theme which acts as the foundation for the strategic plan, Culture and Governance.

Corporate Strategic Plan in Summary

Mission	To provide adequate income replacement to members through prudent investments and prompt payment of benefits					
Vision	To be the trusted Social Security Provider					
Strategic Themes	Culture and Governance	Growth	Customer Engagement & Service Delivery	Products & Services	Internal Processes	Corporate Image
Strategic Objectives	To improve the Fund’s performance culture and corporate compliance	To significantly grow the Fund’s actuarial values	To ensure customer centricity	To develop a portfolio of value adding products and services provided	To achieve and sustain high operational efficiency	To enhance the brand of the Fund
Values	Customer Focus + Integrity+ Accountability + Transformational + Care					

Compliance with Retirement Benefits Authority Investment Guidelines

Particulars	2021			2020		
Categories of assets	Value	%	RBA Max % Req	Value	%	RBA Max % Req
Investment Portfolio						
Cash and bank balances	571,000,978	0	5	65,797,015	0	5
Call and Fixed deposits	8,369,320,000	3	30	15,645,705,000	7	30
GoK Securities	154,150,785,243	56	90	126,287,465,457	53	90
Corporate bonds	1,088,144,566	0	20	1,399,604,882	1	30
Quoted Equities	66,655,124,043	24	70	52,543,439,582	22	70
Unquoted equities	445,204,638	0	5	513,972,854	0	5
Immovable property	43,524,423,667	16	30	43,344,323,082	18	30
Others			10			10
Offshore investment	-	0	5	-	0	5
Investment Assets	274,804,003,135	100		239,800,307,872	100	
Other assets	11,114,666,682			11,682,182,373		
Total Assets	285,918,669,817			251,482,490,245		

Compliance With Statutory Requirements

The Fund developed and implemented a compliance checklist, whose monitoring and evaluation is on a regular basis, depending on the set timelines and contractual terms. During the year ended on 30 June 2021. The Fund complied with all its statutory obligations to tax authorities, the Retirement Benefits Authority, National Hospital Insurance Fund, The National Treasury, and the Office of Auditor General.

Enterprise Risk Management (ERM)

There is value in planning for uncertainty. The Fund is aware that ignoring risks might give large short-term gains at the expense of its long-term interest. ERM provides a systematic, co-ordinated, and a continuous process to identify, measure, respond, monitor, and report on key risks. The Board of Trustees and Management are cognisant of the fact that not all risks can be eliminated, therefore, the Fund has devised mechanisms to cope with residual risk. The Fund is committed to embedding risk management principles and practices:

1. In strategic and operational plans;
2. In business and financial processes;
3. In all administrative levels i.e. Divisions, Departments, Regions and Branches;
4. On major projects undertaken; and
5. On major contracts entered into with third parties.

Risk management is based on the proposition that it must produce value to the Fund, and that the benefit of reducing risk must be greater than the cost of managing it. Based on the ERM, the following key exposure risks have been identified and strategies put in place to manage them:

- a) Corporate governance risk due to instability of tenure in the Board of Trustees, the office of the Chief Executive, senior management, and succession planning in management;
- b) Market and business risks the Fund is exposed in the Nairobi Securities Exchange and competition in the financial sector; and
- c) Court cases affecting business especially the petition restricting the Fund from implementing of the NSSF Act 2013; and
- d) Competition from other players in the financial sector, particularly in the pension industry and the expected entry of the Housing Pension Scheme.

Material Arrears in Statutory and other Financial Obligations

No material arrears in statutory or other financial obligations had been identified as at 30 June 2021.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

Sustainability is how to manage and operate a business to improve lives, environment, benefits and long-term prosperity. This ensures corporate efficiency and responsibility in a manner that secures the future for employees, communities, shareholders, the environment and the nation. We are committed to the social security delivery to our entire business partners, employees, community at large. We deliver excellent customer care backed by strong financial results will guarantee a sustainable future. We have aligned business performance with a commitment to economic, social and environmental stewardship.

The Board, Management and Staff know that our Company's commitment to sustainability cannot only be in financial results but also operational matrices in relation to our stakeholders and the environment. The Fund has open engagement with stakeholders with aim of understanding their needs and how the business can co-exist with them. The following are the key sustainability areas:

- a) Smart partnerships that are critical in driving strategy and growth;
- b) Enhanced integration and data accuracy to increase customer satisfaction;
- c) Importance of diversification of the investment portfolio;
- d) Timely decision making which is critical in a competitive environment; and
- e) Effective communication a key strategic need.

The sustainability of the Fund is threatened by various challenges including the global outbreak of Covid-19 pandemic, which posed new challenges to our total business operations. Other key challenges were:

- a) Unrealistic financial model premised on New Act;
- b) Inadequate automation;
- c) Challenging macro-economic environment;
- d) Reputational challenge;
- e) Human resource challenges; and
- f) Challenging exogenous factors.

ii) Environmental performance

The Fund endeavors to play an integral part in the conservation of the environment by undertaking annual tree planting initiatives across the country and other related activities to promote a sustainable environment as a lasting impact. The Fund endeavors to plant as many trees as possible and monitors the sustainability of the same to minimize the environmental degradation.



NSSF Homa-Bay Branch



NSSF Kericho Branch

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

iii) Employee welfare

The fund has an elaborate human resource policy covering various areas of staff welfare which include;

- a) The Fund is a deliberate equal opportunity employer and the Board has put in place policies that ensure the recruitment and selection process is conducted in a systematic, efficient and effective manner, that promotes professionalism and equality of opportunity. It strives to employ the optimum mix of talents and skills required for its current and future operations. Where vacancies are established, they will be filled as far as possible from within through an open and competitive process. External recruitment shall be considered where there are no suitable candidates within the organization.
- b) Upon recruitment, employees shall be on probationary period for 6 months for management staff and 3 months for unionizable staff. The purpose of a probationary period is to provide a testing time during which a new employee establishes by his performance and conduct in a particular post or grade, his fitness or otherwise for confirmation of appointment. At the end of the probation, the employee is either confirmed or his services are terminated. During this period the employee, may neither proceed on leave, nor be granted any loans/ advances.
- c) The Fund is committed to ensuring that all its employees are equipped with the necessary skills, knowledge, and experience, and where applicable, qualifications they require to carry out their jobs in a competent and effective way. Linking learning with organizational as well as individual performance or exploring ways of achieving high quality ethical and professional learning and development practice will also be of utmost importance.
- d) The Fund has adopted a continuous assessment of employees' performance that will culminate in a participatory rated appraisal at the end of each financial year. A semi-annual formal discussion shall take place between the appraiser and the appraisee to discuss both technical and behavioural competencies.
- e) The Fund has occupational policy which commits to operate in a manner consistent with sound health, environmental management practices that comply with Occupational Safety and Health Act, 2007(OSHA) and environmental laws and regulations. The Fund has also established OSHA committee and provides personal protective equipment.

iv) Market place practices-

a) Responsible competition practice.

The Fund has leadership and Integrity Code, which is meant to ensure that the Fund achieves its vision to be the trusted social security provider and adheres to the highest standards of responsible business practices in its interaction with all stakeholders. The Code provides generally accepted rules that govern and regulate behaviour, relationships and actions of staff to ensure the Fund is run professionally with ethics and integrity. The BOT and the Senior Management are committed to the full implementation of the Code and shall take all necessary measures to ensure that it is effectively enforced. All Fund employees and service providers are expected to read and understand this Code, uphold the rules and standards in the Code and comply with all applicable policies and procedures.

The policy requires Political Neutrality in that employee should not engage in any political activity that may compromise or be seen to compromise the political neutrality of the office subject to any laws relating to elections.

b) Responsible Supply chain and supplier relations

The Fund has Procurement Policy, which has all the accommodated Public Procurement and Asset Disposal Act 2015 requirements that guide the procurement of goods works and services is done according to the law and laid down rules and regulations.

c) Responsible marketing and advertisement

The Fund has marketing policy, which guides how marketing activities are to be conducted, and it protects information from various media and safeguards it against unauthorized access, misuse, or corruption during transportation.

d) Product stewardship

The fund has developed various policies covering product stewardship, they include;

- i) Benefit Policy:** The policy objective is to provide a framework for efficient and effective services delivery to members through timely and accurate processing and payment of benefits.
- ii) Information Security Policy:** Provide a framework for establishing suitable levels of information security for all NSSF information systems and to mitigate the risks associated with the theft, loss, misuse, damage or abuse of these systems.
- iii) Access to Information Policy:** The objective of the Access to Information Policy (AIP) is to promote stakeholder trust in the National Social Security Fund (NSSF) and to increase the impact of the Fund's activities. The policy reflects NSSF's commitment to transparency, accountability, and participation by stakeholders in the Fund has supported activities.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

National Social Security Fund (NSSF) is committed to creating positive, long-lasting impact on the communities and the environment within which it operates. The Fund's commitment to the society is embedded in the principles of ensuring social protection and empowerment for all. The Fund's Corporate Social Responsibility (CRS) is an integral part of NSSF's overall business strategy. As a way of ensuring that there is long lasting impact on NSSF's interventions in the community, the Fund focuses on the following key pillars, which are aligned to the Corporate Social Responsibility (CRS) policy.

1. Education

The inception of Universal Free Primary Education and Free Secondary in 2003 and 2008, respectively, has stretched the Government's resources to the limit, causing the State to seek funding locally and internationally. During the financial year, NSSF offered financial support to various schools for infrastructure development. The Fund collaborated with other stakeholders to promote community social welfare to the vulnerable and less privileged in the society towards the achievement of universal primary education goal.



NSSF Team presenting a CSR sponsorship cheque to Garissa Special School for the intellectually challenged.

2. Health

NSSF engages in collaborative partnerships with the Government and other reputable organizations to address and promote public health issues with special focus on infectious diseases and the current Covid-19 pandemic. The Fund partnered with Ahadi Kenya for donation of masks, hand sanitizers, erection of water points to various primary schools within Gatundu South to promote the fight the against the Covid-19 pandemic.



3. Sports

Kenyans resonate very well with sporting activities, especially athletics and football. NSSF’s involvement in sports is a sure way of creating awareness and buy-in of our Brand. Supporting sports also provides an excellent platform to reach the youth and entrench the culture of saving among them. During the financial year 2020/2021, the Fund supported Kickoff to Hope Kenya Foundation with financial aid to rehabilitate the playing field to minimize on participants’ injuries and to facilitate better delivery of sport activities.

4. Entrepreneurship

NSSF’s mandate to enforce social security has now been widened to cover all Kenyan employees, including those in the informal sector. To engage this market, NSSF supports projects aimed at empowering young and disabled people by way of skills development in entrepreneurship and other related opportunities. The Fund in partnership with the National Council of Persons with Disabilities sponsored the economic empowerment to persons living with disabilities in Garissa and other regions as to promote self-reliance.

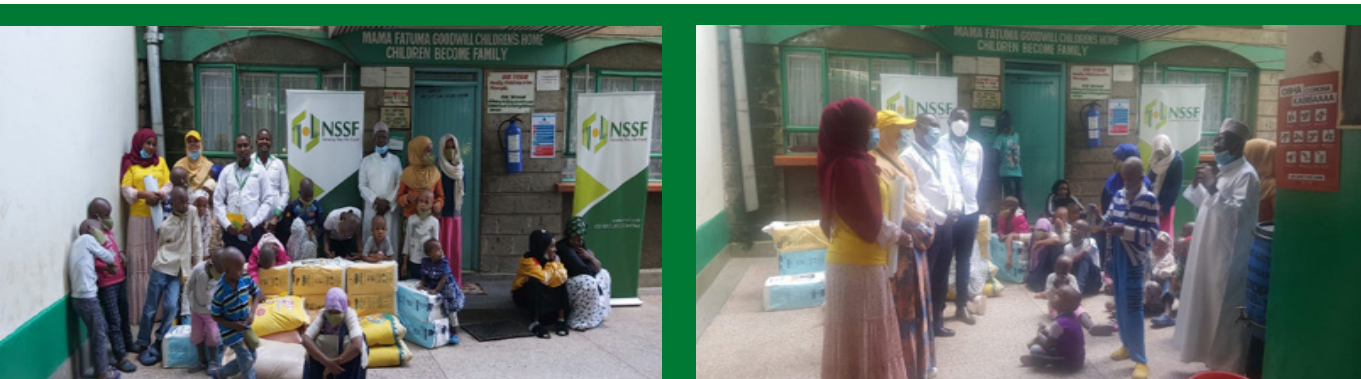
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING (continue)



Some of the equipment donated through the strategic partnership between NSSF and National Council for Persons with Disabilities.

5. Social Welfare

The outbreak of the Corona Virus Disease that ravaged and devastated the world brought much pain and misery with unprecedented levels of pressure building on individuals and families and the consequent social-economic implications. Due to this pandemic, the Fund sponsored some children homes and schools to cushion them from the resulting challenges caused by the pandemic.



Eastleigh branch manager Ibrahim Maalim Abdullahi and his team showing love and support at Mama Fatuma Goodwill Children's Home located in Eastleigh during the December festive season.



The NSSF staff hands over assorted foodstuffs, toiletries, sanitary products, face masks and sanitizers to the special learners of Bugeng'i School for mentally handicapped children in Mateyos - Busia County.

File NSSF returns online through the self-service portal

STAY HOME | STAY SAFE



NSSF Growing You. For Good



REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of affairs of the Fund.

Principal activities

The principal activities of the Fund are, as stipulated under Section 4 of the NSSF Act 2013, to register members, receive their contributions, invest the funds, process, and ultimately pay out benefits to eligible members or their dependants.

Results

The results of the Fund for the year ended June 30, 2021, are set out on page 1.

Interest to Members

Section 2 of the NSSF Act 2013 requires that investment income be credited to the accounts of individual members, at such rates as the Board may, in consultation with the Actuary or such other qualified person, determine and approve at least annually, having regard to the income on the Fund’s assets. Interest declared and paid in the last six years is as follows:

Financial Year	Declared interest%
2013/2014	12.5
2014/2015	3.0
2015/2016	6.0
2016/2017	7.0
2017/2018	7.0
2018/2019	3.0
2019/2020	3.0
2020/2021	10.0

The Board of Trustees shall declare the interest for the financial year ended 30 June 2020 after considering the actuarial valuation report.

Trustees

The members of the Board of Trustees who served during the year are shown on page iv in accordance with NSSF Act 2013.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Dr. Anthony Omerikwa, MBS

Secretary to the Board

Nairobi

Date: 3 May 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

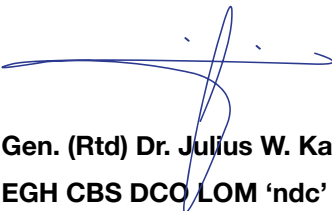
Section 81 of the Public Finance Management Act, 2012, the National Social Security Fund Act, 2013, the Retirement Benefits Act, 1997, and the State Corporations Act No. 446 require the Trustees to prepare financial statements in respect of the NSSF, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for that year. The Trustees are also required to ensure that the Fund keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Fund. The Trustees are also responsible for safeguarding the assets of the Fund.

The Board of Trustees is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for NSSF's Financial Statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Public Finance Management Act, 2012, the National Social Security Fund Act, 2013 and the Retirement Benefits Act 1997. The Trustees are of the opinion that the Financial Statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of systems of internal financial control. Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board of Trustees on 3 May 2021 and signed on its behalf by:



Gen. (Rtd) Dr. Julius W. Karangi,
EGH CBS DCO LOM 'ndc' 'psc' (K)
Chairman, Board of Trustees



Dr. Anthony Omerikwa, MBS
CEO/Managing Trustee



REPORT OF THE AUDITOR-GENERAL ON NATIONAL SOCIAL SECURITY FUND

For the Year Ended 30 June, 2021

Preamble

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- c. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk Management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk Management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

Report On The Financial Statements

Qualified Opinion

I have audited the accompanying financial statements of National Social Security Fund set out on pages 1 to 51, which comprise the statement of net assets available for benefits as at 30 June, 2021, and the statement of changes in net assets available for benefits,

Report of the Auditor-General on National Social Security Fund for the year ended 30 June, 2021

statement of cash flows, statement of changes in accumulated member's funds, and statement of comparison of budget and actual amounts 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Social Security Fund (NSSF) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the National Social Security Fund Act, 2013.

Basis for Qualified Opinion

The financial statements reflect several balances that are not adequately supported with sufficient appropriate records and information, as explained in the following paragraphs:

1. Investment Income

The statement of changes in net assets available for benefits reflects investment income totalling Kshs.21,635,609,454 which includes interest on corporate bonds totalling Kshs.124,734,473 as reflected in Note 8(a) to the financial statements. However, interest income totalling Kshs.16,624,953 earned from corporate bonds of a listed company were not recorded in the Cashbook. No explanation was provided for the omission.

In the circumstance, the investment income balance totalling Kshs.21,635,609,454 included in the investment income balance for the year ended 30 June, 2021 could not be confirmed.

2. Repairs and Maintenance

The statement of changes in net assets available for benefits reflects general administrative costs totalling Kshs.2,527,523,139, as further disclosed in Note 14 to the financial statements. The balance includes repairs and maintenance expenditure totaling Kshs.192,007,944 which in turn includes Kshs.25,159,576 relating to 2019/ 2020 financial year.

Further, the balance includes payments totalling Kshs.1,392,000 made for information technology training and which is, therefore, not related to repairs and maintenance expenditure.

In the circumstances, the repairs and maintenance expenditure totalling Kshs.192,007,944 is not fairly stated.

3. Cash and Bank Balance

The statement of net assets available for benefits reflects cash and bank balances totalling Kshs.571,000,978 as further disclosed in Note 16 to the financial statements. However, the balance contains the following anomalies:

3.1 Bank Overdraft

Note 16 to the financial statements reflects an overdrawn cashbook balance amounting to Kshs.206,903,663 whose cashbook was, however, not updated, closed or balanced. Management explained that the overdrawn cashbook balance arose as a result of Electronic Funds Transfer (EFT), Real Time Gross Settlement (RTGS) and cash deposit transactions made by employers who delayed in submitting returns to the Fund for posting to the cashbook. However, Management did not provide sufficient records to support the balance and did not disclose the controls established to prevent such omissions.

3.2 Unpresented Cheques and Other Outstanding Cash Balances

The bank reconciliation statement for the month of June, 2021 for one of the Fund's bank accounts revealed long outstanding balances relating to bounced EFTs and unpresented cheques totalling to Kshs.14,723,119. Further, the bank reconciliation statement reflected payments in bank statement not in cashbook totalling to Kshs.169,640,238 which had not been investigated and explained in accordance with Regulation 90 (3) of the Public Finance Management (National Government), Regulations, 2015. The Regulation requires each Accounting Officer to investigate and take appropriate action to correct discrepancies noted when reconciling bank statements.

In view of these discrepancies, the accuracy and completeness of cash and balance Kshs.571,000,978 as at 30 June, 2021 could not be confirmed.

REPORT OF THE AUDITOR-GENERAL (continued)

4. Rental Debtors

The statement of net assets available for benefits reflects receivables and prepayments totalling Kshs.4,072,961,233 which include rental income debtors totalling Kshs.1,001,072,176, as further disclosed in Note 23 to the financial statements. The debtors increased by Kshs.230,962,739 or 30% from Kshs.770,109,437 reported in the year ended 30 June 2020. Review of the debtors aging analysis revealed debtors totalling to Kshs.541,755,371 which have been outstanding for more than two (2) years. No explanation was provided by Management for the failure to collect the rent arrears or write them off as bad debts in accordance with the provisions of Section 157(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the accuracy and recoverability of rental debtors balance totalling Kshs.1,001,072,176 as at 30 June, 2021 could not be confirmed.

5. Payables and Accruals

The statement of net assets available for benefits reflects payables and accruals totalling Kshs.1,431,691,147 which include payables due to vendors totalling Kshs.173,047,633 as further disclosed in Note 32 to the financial statements. However, included in the payables due to vendors totalling Kshs.173,047,633 is Kshs.20,262,695 owed to the Fund by landlords, fuel suppliers, staff, and cash floats advanced to property managers. The long outstanding deposits are receivables but are incorrectly included in the payables balance.

Further, the payables and accruals balance totalling Kshs.1,431,691,147 includes returned benefits totalling Kshs.266,336,140. No explanation was provided for failure to clear the long outstanding returned benefits for the years 2012 to 2021.

In the circumstances, the accuracy, completeness and fair statement of the payables and accruals balance totalling Kshs.1,431,691,147 as at 30 June, 2021 could not be confirmed.

6. Stores and Supplies

The statement of net assets available for benefits reflects stores and supplies totalling Kshs.79,304,872, as further disclosed in Note 22 to the financial statements. However, the stores management software system indicated total stock balance of Kshs.59,734,163 described as 'stock on transit since 2013' resulting to unexplained variance of Kshs.19,570,709. Further, the balance does not include stocks from thirty-five

(35) of the Fund's Branches which did not provide their respective stock take reports as at 30 June, 2021.

In addition, the Fund's stores management software system had major limitations as physical count of stock could not be reconciled to actual values and the software could not detect and record loss of stores or adjustments of stock made through the system.

In the circumstances, the accuracy, valuation and existence of the stores and supplies balance of Kshs.79,304,872 as at 30 June, 2021 could not be confirmed. Further, the significant weaknesses in the stores management system may enhance the risk of stock losses and stock outs.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Social Security Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the Fund's revenue budget for the year under review amounted to Kshs.39,963,301,000 and actual revenue Kshs.41,910,987,694 resulting to a surplus of Kshs.1,947,686,694 equivalent to 5% of the budget. Management attributed the favorable revenue variance to the improved earnings in the bond and equities market in the financial year under review. Similarly, the statement of comparison of budget and actual amounts indicates that the Fund had budgeted to spend Kshs. 8,249,997,000 against the actual expenditure of Kshs.7,077,506,126 resulting to an under-expenditure of Kshs.1,172,490,874. The variance was mainly caused by reduction of staff costs by Kshs.989,210,432 due to delay in recruitment of senior managers and delayed implementation of the Fund's Collective Bargaining Agreement (CBA).

2. Prior Year Issues

The following issues reported in previous audit reports had not been resolved as at 30 June, 2021:

2.1 Prior Audit Issues

The audit report for the year ended 30 June, 2020 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk Management and governance.

The report of Management on progress made in resolving the issues indicates that activities intended to resolve some of the issues were ongoing as at 30 June, 2021. However, the report does not provide disclosure on several issues raised in the audit report.

The actual status of all the issues will be confirmed after they are discussed by Parliament.

2.2 Unrecovered Project Mobilization Fees

Examination of records on the stalled Nyayo Embakasi Estate Phase VI construction project indicated that mobilization fees totalling Kshs. 215,540,774 paid to the contractor had not been recovered as directed in previous reports of the Public Accounts Committee (PAC). No satisfactory explanation was provided by the Management for the failure to recover the fees which will amount to loss of public funds if not recovered.

Report On Lawfulness And Effectiveness In Use Of Public Resources

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with the National Social Security Fund Act, 2013

The statement of net assets available for benefits reflects investment management expenses of Kshs.508,604,076 and operating costs of Kshs.6,568,902,050 all totaling to Kshs.7,077,506,126 which is approximately 2.5% of the Fund's net assets of Kshs.284,486,627,670 as at 30 June, 2021. This is contrary to Section 50 of the National Social Security Fund Act, 2013 which stipulates that expenses paid out of the Fund shall not exceed two per cent (2%) of the total Fund assets in the first year from the commencement date and thereafter be reduced and capped at one and a half percent (1.5%) in the sixth year following the commencement date.

REPORT OF THE AUDITOR-GENERAL (continued)

Failure by Management to contain the expenses at 1.5% or below, of the Fund's assets eight (8) years after the commencement date is, therefore, irregular.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Report On Effectiveness Of Internal Controls, Risk Management And Governance

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk Management and overall governance were not effective.

Basis for Conclusion

Lack of Policy for Doubtful Debts Provisioning

The statement of changes in net assets available for benefits and Note 15 to the financial statements reflects provisions totalling Kshs.129,778,343. However, some of the provisions were made in relation to financially stable companies and individuals. Review of the controls on debt Management indicated that the Fund did not have a documented policy for setting provisions for doubtful debts.

In the absence of the policy, the risk of loss of the Fund's resources through invalid debtors' provisions may be high.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk Management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Trustees

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk Management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services, and using applicable basis of accounting unless Management is aware of the intention to dissolve the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Trustees is responsible for overseeing Fund's financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to provide an assurance on the effectiveness of internal controls, risk Management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

REPORT OF THE AUDITOR-GENERAL (continued)

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

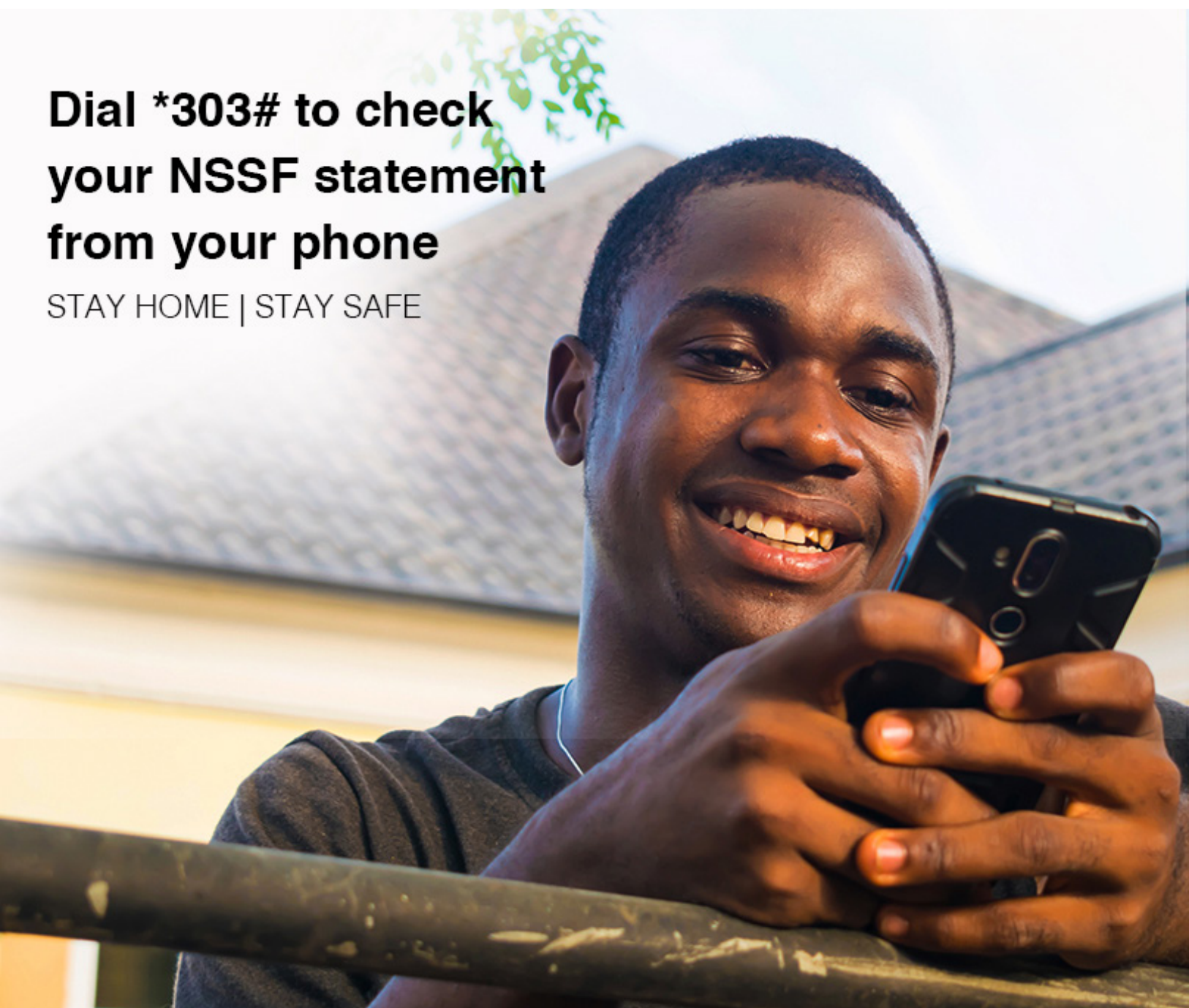


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi
20 July, 2022

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For The Year Ended 30 June 2021

	Note	2021 Kes	2020 Kes
Dealings with Members			
Contributions Receivable	6	14,472,520,612	14,732,571,428
Benefits Payable	7	(5,896,203,691)	(4,433,548,757)
Net Surplus from dealings with members		8,576,316,921	10,299,022,671
RETURN ON INVESTMENTS			
Investment Income	8	21,635,960,454	20,387,577,906
Fair value gain on revaluation of Investments	9	11,547,732,218	(10,194,619,584)
Gain on realisation of investments	10	58,895,311	(50,669,212)
Investment Management Expenses	11	(508,604,076)	(534,883,716)
Net Investment Income		32,733,983,907	9,607,405,394
Other Income	12	92,433,789	83,337,900
Total Net Income		32,826,417,696	9,690,743,295
Less: Operating Cost			
Staff cost	13	3,911,600,568	3,820,005,857
General administrative cost	14	2,527,523,139	1,570,733,413
Provisions	15	129,778,343	16,683,683
Total operating cost		6,568,902,050	5,407,422,952
Increase in net assets for the year		34,833,481,567	14,582,343,014
As previously reported		249,653,146,103	235,070,803,089
Prior year adjustment			-
As restated		249,653,146,103	235,070,803,089
Net Assets as at 30 June		284,486,627,670	249,653,146,103

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

For The Year Ended 30 June 2021

	Note	2021 Kes	2020 Kes
ASSETS			
Cash and bank balances	16	571,000,978	65,797,015
Call and Fixed Deposits	17	8,369,320,000	15,645,705,000
Government Securities- (Treasury bills)	18	1,210,396,800	2,002,681,495
Government Securities- (Treasury bonds)	19	152,940,388,443	124,284,783,962
Corporate bonds	20	1,088,144,566	1,399,604,882
Accrued Income	21	4,812,348,744	6,083,766,970
Stores and Supplies	22	79,304,872	80,964,046
Receivables and Prepayments	23	4,072,961,233	3,688,824,898
Staff Carloans	24	230,590,974	245,915,928
TPS Loans	25	3,644,620,906	4,044,069,201
Long-term deposits	26	1,227,421,830	1,002,120,242
Quoted Stocks	27	445,204,638	513,972,854
Unquoted Stocks	28	66,655,124,043	52,543,439,582
Investment property	29	34,727,067,942	34,676,205,651
Assets under construction	30	5,152,734,819	4,624,048,230
Property, plant and equipment	31	691,688,069	580,590,289
		285,918,318,817	251,482,490,245
LIABILITIES			
Payables and accruals	32	(1,431,691,147)	(1,829,344,143)
NET ASSETS		284,486,627,670	249,653,146,103
REPRESENTED BY			
FUND BALANCE		284,486,627,670	249,653,146,103

The financial statements set out on pages 2 to 50 were approved and authorised by the Board of Trustees on 3 May 2021.

Signed on their behalf by:



CPA Marietta Mutinda
ICPAK No. 6710
AG. Manager, Finance



Dr. Anthony Omerikwa, MBS
CEO/Managing Trustee



Gen.(Rtd) Dr. Julius W. Karangi,
EGH, CBS DCO LOM ‘ndc’ ‘psc’ (K)
Chairman, Board of Trustees

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2021

	Note	2021 Kes	2020 Kes
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in assets		34,833,481,567	14,582,343,014
Adjustments:			
Depreciation on property, plant and equipment	31	267,877,509	245,348,727
Amortisation of intangible assets	31	64,789,762	626,173
(Gain)/loss on disposal of property, plant and equipment		(35,535,775)	(16,337,150)
Increase/(decrease) in provisions	15	129,778,343	16,683,683
Fair value gain/(loss) on revaluation	10	(11,547,732,218)	10,194,619,584
Operating surplus/(deficit) before working capital changes		23,712,659,187	25,055,958,331
Changes in Working Capital:			
Decrease/(increase) in inventories	22	1,659,174	(8,361,543)
Decrease/(increase) in debtors & prepayments	23	(384,136,335)	(124,792,387)
Decrease/(increase) in accrued income	20	1,271,418,226	103,859,239
increase/(decrease) in payables and accruals	32	(397,652,995)	(129,718,305)
		491,288,070	(159,012,995)
Net cash flows generated from operating activities		24,203,947,257	24,896,945,336
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of deposits with financial institutions	17	7,051,083,411	(6,044,080,527)
Purchase/sale or redemption of Treasury bills	18	792,284,695	3,991,837,378
Purchase/sale or redemption of Treasury bonds	19	(30,435,003,537)	(20,486,603,433)
Purchase/sale or redemption of corporate bonds	20	272,100,000	5,599,693,950
Purchase/sale of quoted equities	27	(20,161,004)	(9,044,880)
Purchase/sale of unquoted equities	28	(656,763,649)	(8,715,307,482)
Purchase, development/sale of land and buildings	29	226,789,337	187,679,485
Assets under construction	30	(1,054,305,362)	(1,447,039,943)
Purchase/sale of property, plant and equipment	31	(195,591,449)	(98,049,225)
Receipts from TPS and other loans		320,824,266	1,770,389,695
Net cash flows from investing activities		(23,698,743,293)	(25,250,524,982)
Net increase/ (decrease in cash and cash equivalents		505,203,963	(353,579,647)
Cash and cash equivalents as at 1 July		65,797,015	419,376,662
Cash and cash equivalents as at 30June		571,000,978	65,797,015

STATEMENT OF CHANGES IN ACCUMULATED MEMBER'S FUNDS

As At 30 June 2021

	Members' Funds Kes	Accumulated Reserves Kes	Total Kes
Balance as at 30 June 2016	151,018,651,371	21,067,697,685	172,086,349,056
Prior Year Adjustments	591,602,152	-	591,602,152
Net Increase/(Decrease) in Net Assets	9,885,860,827	14,010,648,094	23,896,508,921
Balance as at 30 June 2017	161,496,114,350	35,078,345,778	196,574,460,129
Correction of erroneous previous year contribution accrual	(591,602,152)	-	(591,602,152)
Net Increase/(Decrease) in Net Assets	10,255,409,092	15,491,367,420	25,746,776,512
Balance as at 30 June 2018	171,159,921,291	50,569,713,198	221,729,634,489
Prior year adjustment Impairment of Kitisuru Roads	-	(36,432,620)	(36,432,620)
Net Increase/(Decrease) in Net Assets	10,163,269,208	3,214,332,010	13,377,601,218
Balance as at 30 June 2019	181,323,190,499	53,747,612,588	235,070,803,089
Actuarial valuation adjustment as at 30 June 2020	41,878,212,590	(41,878,212,590)	-
Net Increase/(Decrease) in Net Assets	10,299,022,671	4,283,320,342	14,582,343,014
Balance as at 30 June 2020	233,500,425,761	16,152,720,340	249,653,146,103
Actuarial valuation adjustment as at 30 June 2021	-	-	
Net Increase/(Decrease) in Net Assets	8,576,316,921	26,257,164,646	34,833,481,567
Balance as at 30 June 2021	242,076,742,681	42,409,884,987	284,486,627,670

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For The Period Ended 30 June 2021

	Original budget	Adjustments	Final budget	Actual on comparable	Performance difference	%	Management comments
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021		
	Kes	Kes	Kes	Kes	Kes		
Revenue:							
Contribution	17,600,000,000	-	17,600,000,000	14,472,520,612	(3,137,479,388)	(18)	The unfavourable variance was due to Covid-19 which affected most industries leading to lay off and closures as well delayed unlocking of Act which we anticipated to take effect in the current year.
Benefits	(6,006,000,000)	-	(6,006,000,000)	(5,896,203,691)	109,796,309	(2)	The Fund had advertised in media those who have not claimed their benefit to come forward and claim, the uptake has been slow however we are optimistic it will improve in the second half year.
Net Dealings	11,594,000,000	-	11,594,000,000	8,576,316,921	(3,017,683,079)	(26)	
Dividend income	3,600,000,000	-	3,600,000,000	1,296,423,017	(2,303,576,983)	(64)	Negative variance was due to prolonged price declines from recent highs amid widespread pessimism and negative investor sentiment due to Covid-19 and blue-chip companies delay in declaration of dividend as well as payment due to cashflow issues.
Interest income	16,363,227,000	-	16,363,227,000	18,763,912,464	2,400,685,464	15	Positive variance was driven by shifting of Fund from variable rate to fixed income where its more definite. The fund managers shifted from stocks to Treasury Bonds and Bills.
Rent income	1,240,949,000	-	1,240,949,000	1,128,489,600	(112,810,400)	(9)	Unfavourable variance was due to reduced occupancy level in our rental properties especially with departure of government institutions and other small medium organization. However, the Fund is working on to replace the vacant office space.
TPS interest income	466,578,000	-	466,578,000	407,089,726	(59,488,274)	(13)	under performance was due to delay in uptake of Milimani Executive Flats which were factored in, however we anticipate this will improve by the end of year when economy picks.

Unrealised gain on investments	5,798,547,000	-	5,798,547,000	11,547,732,218	5,749,185,218	99	This was brought by favourable price movement of our investments classes, and we anticipate it will continue till end of financial year.
Realised gain on investments	850,000,000	-	850,000,000	58,895,311	(791,104,689)	(93)	The negative realised gained was due to disposal of assets by Fund managers with aim of hedging.
Other Investment Income	-	-	-	40,045,647	40,045,647	100	Income item was not budgeted for in the year under review
Other income	50,000,000	-	50,000,000	92,433,789	42,433,789	85	the favourable variance was due to incomes from disposal and insurance recoveries as well as interest on our operating accounts
Total Income	39,963,301,000	-	39,963,301,000	41,911,338,694	1,947,666,694	5	
Expenses:							
Management investment expense	796,500,000	-	796,500,000	508,604,076	287,895,924	36	The low absorption was due reduced activities in both capital and money markets by the service providers occasioned by Covid- 19 pandemic
Compensation of employees	4,900,811,000	-	4,900,811,000	3,911,600,568	989,210,432	20	Job evaluation and salary review of union staff anticipated to be implemented in the current year has been delayed, however its is in final stages hence we anticipate the variance will be very low if any by the end of the year.
Trustee' Emoluments	30,000,000	-	30,000,000	19,687,797	10,312,203	34	Under absorption was due to reduced activities and sittings
General administration cost	1,346,261,000	-	1,346,261,000	1,267,941,717	66,473,995	6	Covid-19 curtailed most programmes which were planned in the year hence under absorption of the funds.
Finance Expense	15,000,000	7,000,000	22,000,000	23,683,945	(1,683,945)	(8)	over expenditure was due to increase bank fees brought by excise duty on transactions
Other Administrative Expense	143,530,000	872,000,000	1,015,530,000	871,697,122	143,832,878	14	tThe high expenditure was due one-off project claim relating to Hazina Trade Centre.
Depreciation & amortization	138,895,000	-	138,895,000	332,667,270	(193,772,270)	(140)	The high absorption was occasioned by capitalisation of ICT related projects which were under constructions.

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS (continued)

For The Period Ended 30 June 2020

Provision	-	-	-	129,778,343	(129,778,343)	(100)	This has been occasioned by increase in Rental and TPS debtors due to Covid-19.
Total Expenditure	7,370,997,000	879,000,000	8,249,997,000	7,065,660,839	1,172,490,874	14	
Surplus for the period	32,592,304,000	(879,000,000)	31,713,304,000	34,845,677,855	3,120,177,567	(10)	

	Capital Projects in order of category, priority, and justification	Budget	Expenditure	(over)/under Absorption	(over)/under Absorption %	Reasons
	Capital Projects	2020/2021	2020/2021	2020/2021	2020/2021	
		KSHS'000'	KSHS'000'	KSHS'000'		
INVESTMENT PROJECTS						
ONGOING INVESTMENT PROJECTS						
1	Refurbishment - Investment Buildings	100,000	85,842	14,158	14	contracts were given and its now work in progress. The under absorption was due to some planned activities being rescheduled
	TOTAL	100,000	85,842	14,158	14	
NEW INVESTMENT PROJECTS						
1	Kenyatta Avenue	100,000	0	100,000	100	Project Implementation and feasibility and delayed approval by the respective authorities. (BOT, County and Public works)
2	Proposed Machakos Housing	1,000,000	0	1,000,000	100	Project Implementation and feasibility and delayed approval by the respective authorities. (BOT, County and Public works)
3	Proposed Kisumu Housing	500,000	0	500,000	100	Project Implementation and feasibility and delayed approval by the respective authorities. (BOT, County and Public works)
4	Hazina Village Mavoko	1,500,000	0	1,500,000	100	Project Implementation and feasibility and delayed approval by the respective authorities. (BOT, County and Public works)
5	Investment in Counties	500,000	0	500,000	100	Project Implementation and feasibility and delayed approval by the respective authorities. (BOT, County and Public works)
6	CCTV Social Security House Nairobi	125,000	0	125,000	100	All the bidders did not meet the required specifications hence project was postponed.
	TOTAL	3,725,000	0	3,725,000	100	

	OPERATIONAL PROJECTS					
1	Field offices Renovation	50,000	35,000	15,000	30	contracts were given and its now work in progress. Under absorption was occasioned by bidders failure to meet specifications required for generator supply to branches.
2	Network upgrade	25,000	25,000	0	0	contracts were given and its now work in progress
3	Data centre upgrade	200,000	188,000	12,000	6	contracts were given and its now work in progress
4	ICT Security and Audit	20,000	18,000	2,000	10	contracts were given and its now work in progress
5	Server Upgrade	30,000	30,000	0	0	contracts were given and its now work in progress
6	Social Security System Upgrade/ Replacement	220,000	0	220,000	100	project formulation was delayed due to World Bank coming on board.
7	E Procurement Module	70,000	0	70,000	100	All the bidders did not meet the required specifications hence project was postponed.
8	SAP Improvements	50,000	0	50,000	100	project formulation was delayed due to World Bank coming on board.
9	Board Management System	10,000	0	10,000	100	
10	EDMS (Electronic Document Management System)	150,000	0	150,000	100	Their was extension of the previous contract due to Covid and bidding for the next phase postponed to further date.
	TOTAL	825,000	296,000	529,000	64	
	NEW OPERATIONAL PROJECTS					
1	Electronic Shelves	60,000	50,000	10,000	17	contracts were given and its now work in progress, under absorption was occasioned by project costing less than projected.
	TOTAL	60,000	50,000	10,000	17	
	Grand Totals	4,710,000	431,842	4,278,158	91	

Note: PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.

However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these standards comply with, the importance that the budgetary information would provide to the users of the statements and the fact that public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

National Social Security Fund is established by and derives its authority and accountability from National Social Security Fund Act, 2013. The NSSF is wholly owned by workers who are members and contributors to the Fund. The Fund is domiciled in Kenya and its principal activity is provision of social security to workers in Kenya.

2. Standards And Interpretations Affecting The Reported Results Or Financial Position

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Statement of compliance

The financial statements have been prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRIC) applicable to entities reporting under IFRS, Public Finance Management Act 2012, State Corporations Act 2015, Income Tax Act 2012 and the National Social Security Fund Act 2013.

b) Basis of preparation

The financial statements comprise of a statement of changes in net assets available for benefits, statement of net assets available for benefits, statement of cashflows, statement of changes in accumulated members' funds and a statement of comparison of budget and actual amounts, and notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of NSSF.

i. Basis of measurement

The measurement basis used is the fair value accounting except for the measurement of amounts of items of property, plant and equipment.

Under the fair value measurement basis, NSSF uses market observable data as far as possible to measure amounts for assets and liabilities. If the fair value of an asset or liability is not directly observable, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and significance of the inputs to the fair value measurement in its entirety:

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

Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

ii. Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Trustees to exercise their judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 37.

3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021

Title	Description	Effective Date
IAS 39-Financial Instruments: Recognition and Measurement	IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 4- Insurance Contracts (Superseded)	IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 7- Financial Instrument Disclosures	IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 16- Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows

Application of New and Revised International Financial Reporting Standards (IFRS)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Title	Description	Effective Date
IAS 1 - Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

IAS 12 - Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 16 - Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 - Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 1 - First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
IFRS 17- Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

The Trustees do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company’s financial statements.

iii) Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2021.

4. Summary Of Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

The Fund recognizes revenue as and it satisfies performance obligation. The amount of revenue recognized is the amount the Fund expects to receive to the extent that it is probable that future economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Fund's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Fund's activities as described below:-

- i) Contributions from employers/employees- Comprises statutory and other payments due to NSSF under the National Social Security Fund Act, 2013 (i.e. contributions towards the Pension Scheme, Old and New Provident Funds. Statutory contributions are accounted for in the year they are due to the Fund while Voluntary contributions are accounted for in the year they are received.
- ii) Interest income – comprises of interest receivable from bank deposits and investment in securities, and is recognized in Statement of Changes in Net Assets Available for Benefits on a time proportion basis using the effective interest rate method.
- iii) Dividend income is recognized in the Statement of Changes in Net Assets Available for Benefits in the year in which the right to receive the payment is established.
- iv) Rental income is recognized in the Statement of Changes in Net Assets Available for Benefits as it accrues using the effective lease agreements.
- v) Other income is recognized as it accrues.
- vi) Tenant Purchase Scheme and Loan Advances- accrue from financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund provides loans, money or services directly to debtors with no intention of trading the receivables. All loans and receivables fall under this category and are stated at amortized costs. Receivables which do not carry interest rate are stated at their invoice amount.

b) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in Statement of Changes in Net Assets Available for Benefits.

c) Intangible assets

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from the year that they are available for use for a period of 3 years.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognised in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The annual rates in use are:

Annual Rates	%
Buildings and civil works	Nil
Freehold Land and Buildings	Revaluation
Motor Vehicles, including motor cycles	20
Computers and related equipment	33.33
Office Furniture	10
Office Equipment	12.5
Fittings and Furnishings	20
Low Value Assets	100

Depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal on prorata basis. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

f) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the Fund, are classified as investment property. Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in Statement of Changes in Net Assets Available for Benefits.

g) Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the Fund are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

h) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK), long-term infrastructure bonds, and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

i) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

j) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government controlled entities and reputable private entities.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

l) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts

at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

m) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Fund operates and generates taxable income recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Fund and the same taxation authority.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of 12 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

o) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

p) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Fund or not, less any payments made to the suppliers.

q) Retirement benefit obligations

The Fund operates a defined contribution scheme for all full-time employees. The staff retirement pension scheme is administered independently by Zamara Actuaries, Administrators & Consultants Ltd and is funded by contributions from employees at 8% and employer at 16%. The Fund also contributes statutory National Social Security Fund (NSSF) deductions for its employees. This is a defined contribution scheme registered under the National Social Security Act, 2013. The Fund's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.360 per employee per month.

r) Actuarial Valuation

An actuarial valuation was carried out by Zamara Actuaries, Administrators & Consultants Limited in 2020 and the report approved by the Board of Trustees in the 183rd meeting of the Board on 30 July 2021 for the Fund balances as at 30 June 2019. In the same meeting, a 3% interest was approved on members' balances. The valuation was done on an Attained Age Method. The actuarial report indicates that the value of liabilities of the scheme as at 30 June 2019 was Kes.223, 171 million compared to the value of assets amounting to Kes. 235,040 million (Financial Statements) giving a surplus of Kes. 11,869 million, a funding level of 105.3%.

s) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

t) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Fund operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any 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 profit or loss.

u) Budget information

The Fund's budget for FY 2019-2020 was approved by the Ministry of Labour and Social Security on recommendation by National Treasury on 03/08/2020. The Fund's budget and financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

v) Service concession arrangements

The Fund analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Fund recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Fund also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021. The preparation of the Fund's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Contributions	2021	2020
	Kes	Kes
Pension Contribution	13,208,708,768	13,752,056,698
Old provident	70,741,645	89,801,367
New Provident	580,763,574	541,352,347
Fines and penalties	379,511,898	414,964,299
Gross contribution for the year	14,239,725,704	14,798,174,711
Add: Accruals at end of the year	950,893,829	718,098,920
Less: Accruals at start of the year	(718,098,920)	(783,702,203)
Net contribution for the period	14,472,520,612	14,732,571,428

These amounts relate to contributions remitted to the Fund in respect of both provident and pension funds. However, the contributions receivable estimated to be Kes 7,689,702,662 have not been included in the financial statements. This comprises of mandatory contributions of 1,633,972,864 and penalties of 6,055,729,797. These contributions are based on estimates made on employer and the outstanding penalty is estimated based on previous late payments. The Fund is involved in recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

7 Benefits		
Age benefit	4,167,622,521	2,979,099,752
Survivors benefit	399,107,884	298,525,911
Invalidity benefit	11,422,143	13,720,024
Withdrawal benefit	1,294,878,947	1,124,833,688
Emigration benefit	19,797,196	14,956,881
Funeral grant	3,375,000	2,412,500
Net benefits for the period	5,896,203,691	4,433,548,757

A total of 90,696 benefit claims were processed and paid during the year. The amount reported combines the principal and interest components.

8 Investment Income		
Interest Income (note 8a)	18,763,912,464	15,943,248,107
Dividend Income (note 8b)	1,296,423,017	2,685,340,385
Rent Income (note 8c)	862,345,034	936,915,389
Parking Fees (note 8e)	119,625,684	128,592,280
Notional Rent (8d)	141,348,600	141,348,600
Mast Rent (8f)	5,170,283	14,483,125
Interest on TPS loans (note 8g)	407,089,726	473,625,548
Other Investment Income (note 8h)	40,045,647	64,024,471
	21,635,960,454	20,387,577,906

The Fund earned Kes 21.6 billion gross investment income, or 6% more than the previous year. This was an impressive performance considering the effects of Covid-19. However, the Fund's management remains cautious as it monitors the situation going forward.

8a Interest Income	2021	2020
	Kes	Kes
Treasury bonds	17,965,881,632	14,367,893,356
Corporate bonds	124,734,473	360,389,247
Treasury bills	71,405,381	299,927,706
Call & Fixed deposits	601,890,978	915,037,798
	18,763,912,464	15,943,248,107

Increase in interest earned from treasury bonds is as a result of increased investment in treasury bonds. The reduction in interest earned from corporate bonds and treasury bills is as a result of redemption of T.bills and maturity C. bonds.

8b Dividend Income		
Bamburi Cement Ltd	176,678,820	-
Absa Bank Kenya Plc	-	144,017,549
British American Tobacco Kenya Ltd	100,086,120	75,026,206
CFC Stanbic of Kenya Holdings Ltd	8,123,074	15,070,440
East African Breweries Ltd	-	238,943,766
I&M Holdings Ltd	4,327,200	4,904,160
Kenya Commercial Bank Ltd	265,697,909	773,595,921
Kenya Power 4% Preference shares	1,050	-
Kenya Power 7% Preference shares	2,840	-
NCBA Bank Ltd	36,232,371	29,227,529
Safaricom Ltd	337,664,710	962,085,148
The Co-operative Bank of Kenya Ltd	140,951,024	130,406,442
Britam Holdings Plc	-	57,641,051
Diamond Trust Bank Kenya Ltd	-	18,667,453
Jubilee Holdings Ltd Ord 5.00	870,075	3,351,011
Kenya Re Insurance Corporation Ltd	18,115,866	3,231,560
KenGen Co. Ltd	115,899,319	-
Nation Media Group Ltd	-	12,861,402
Centum Investment Co Ltd	-	14,125,920
Standard Chartered Bank Kenya Ltd	66,666,962	154,507,032
Stanlib Fahari I-REIT	19,400,340	24,250,425
Umeme Ltd	5,705,338	23,427,371
	1,296,423,017	2,685,340,385

Dividend income for the year reduced by 52% because of low or zero declaration of dividend by companies where the Fund has invested. Many companies gave dividend warnings because of suppressed economic activity due to Covid-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8c Rent Income	2021	2020
	Kes	Kes
SSH Nairobi	413,206,614	478,083,947
SSH Mombasa	99,036,260	70,694,058
Bruce House	131,622,478	177,811,766
View Park Towers	99,107,422	111,535,474
Hazina Towers	65,803,831	58,170,673
Hazina Trade Centre	41,918,158	25,608,952
Hazina South B	11,182,270	15,010,520
	861,994,034	936,915,389

Rent income decreased by 8% during the year. The Covid-19 pandemic affected the Fund's tenants forcing the Board to approve a 3 months waiver to struggling tenants who expressed their need for a waiver.

8d Parking Income		
SSH Nairobi	54,155,100	19,848,382
SSH Mombasa	5,169,900	3,018,200
Bruce House	16,503,000	19,593,500
View Park Towers	5,100,000	4,090,000
Hazina Towers	4,412,333	4,957,000
Hazina Trade Centre	17,813,799	17,620,626
Kenyatta Avenue	16,471,551	59,464,572
	119,625,684	128,592,280

The 7% decline in parking fees is due to suppressed activities occasioned by the Covid-19 pandemic.

8e Notional Rent		
SSH Nairobi	126,043,680	126,043,680
SSH Mombasa	7,500,480	7,500,480
Bruce House	7,123,200	7,123,200
View Park Towers	389,760	389,760
Hazina Towers	291,480	291,480
	141,348,600	141,348,600

8f Mast Income		
SSH Nairobi	2,096,106	2,186,790
SSH Mombasa	824,679	1,080,000
View Park Towers	909,478	804,800
Hazina Towers	1,340,020	10,411,535
	5,170,283	14,483,125

8g Interest From Tps Loans	2021 Kes	2020 Kes
Staff	46,503,224	53,624,367
Other Customers	360,586,503	420,001,181
	407,089,726	473,625,548

The reduction on interest earned from Tenant Purchase Scheme (TPS) of 16% is as a result of reduced TPS loans by 13 % as a result of repayment mainly Nyayo Embakasi Estate.

8h Other Investment Income

Profit on sale of houses	38,410,663	49,385,138
Bank balance interest	1,634,984	10,298,005
Other miscellaneous	-	4,341,328
	40,045,647	64,024,471

9 Fair Value Gain on Revaluation

Corporate bonds	(39,360,316)	141,098,206)
Treasury bonds	(1,779,399,057)	(1,234,898,293)
Unquoted equities	(88,929,221)	-
Quoted equities	13,454,920,812	(8,922,223,085)
Investment property	500,000	103,600,000
	11,547,732,218	(10,194,619,584)

During the year, the Nairobi Securities Exchange 20 share index regained its position leading to improved valuation of the Fund's equity assets by Kes. 13.5 billion. However, the bond market experienced a slump performance yielding a negative valuation of treasury bonds that resulted in a valuation loss of Kes. 1.8 billion. The Fund's assets are marked to market in accordance to IFRS with IFRS 13 and IAS 26. Being a long-term investor, the situation is expected to correct in the long term. The Fund has also increased its Fixed Income exposure to mitigate the equity fluctuation.

10 Gain on Realisation of Investments

Treasury bonds	(113,568,763)	164,377,886
Corporate bonds	(39,311,478)	(20,381,206)
Listed equities	211,775,552	87,099,108
Unlisted equities	-	(281,765,000)
	58,895,311	(50,669,212)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Investment Management Expense	2021	2020
	Kes	Kes
Fund managers' fees	319,164,172	355,665,587
Custodian fees	89,234,020	80,405,178
Actuarial & investment management fees	30,956,539	46,882,062
Land rent & rates	45,092,232	29,647,334
Asset valuation expense	19,157,113	22,283,554
RBA Levy	5,000,000	-
	508,604,076	534,883,716

Investment management expense is a direct expense netted off from investment income when computing return on investment. The main driver is the level of investment assets and grows with the growth of assets. However, the Fund enjoys huge benefits of scale and the cost represents 0.21% of the net assets.

12 Other Income		
Profit on sale of PPE	35,535,775	16,337,150
Miscellaneous Income	6,754,489	35,374,293
Interest on staff loans	37,015,471	25,068,636
Fines and penalties	4,909,234	5,942,822
Miscellaneous expenses recovered	8,218,821	615,000
	92,433,789	83,337,900

Other income represents miscellaneous receipts earned by the Fund mainly from interest charged on staff loans, fines charged on customers who issue unpaid cheques and other miscellaneous charges and disposal of property, plant and equipment items. Kes.35.5million was earned from sale of fully depreciated motor vehicles and other items.

13 Staff Cost		
Salaries and Allowances	3,118,060,992	3,101,469,222
Pension and Gratuity	359,327,364	363,004,002
Medical Expenses	287,442,670	266,753,120
Staff Welfare	57,339,138	50,884,247
Insurance	33,421,424	31,387,273
Increase in provision for leave pay	56,008,980	6,507,994
	3,911,600,568	3,820,005,857

There was marginal increase of 2% in staff cost mainly due to increase in provision for leave pay, medical expenses due to Covid-19, staff welfare, and retention of interns for periods longer than planned to assist in running of operations following the government directive for staff above 58 staying home and use working shifts.

14 General Administrative Cost	2021	2020
	Kes	Kes
Trustee' Emoluments	19,687,797	39,505,364
Travelling Costs	172,282,021	144,475,247
Transport Costs	30,639,051	36,397,546
Rent Expense	290,480,876	288,515,246
Printing, Stationery and Photocopying	34,886,845	28,246,829
Postage, Telephone and Internet Expenses	112,041,001	78,391,575
Electricity, Water, Security and Conservancy	90,577,086	74,532,793
Training Expenses	51,326,023	67,910,485
Repairs and Maintenance	192,007,944	152,843,671
Hospitality Material and services	1,457,456	2,717,139
Consultancy and Professional Expense	8,830,534	32,627,980
Legal Expense	26,212,531	102,089,190
Audit Fees	9,280,000	8,000,000
Finance Expense	23,683,945	25,888,569
SS Policy Development	15,969,236	135,060
General Insurance	23,523,229	20,866,893
AGM Expenses	1,350,000	2,884,538
ISO Expenses	42,007,947	24,805,720
Advertising and Publicity	9,640,292	35,225,113
Marketing expense	21,925,521	30,648,104
Corporate Social Responsibility	24,483,981	21,833,927
Other Administrative Expense	120,865,432	106,217,525
Project claims	871,697,122	-
Depreciation	267,877,509	245,348,727
Amortisation	64,789,762	626,173
	2,527,523,139	1,570,733,413

There was an overall 53% increase in operating expense mainly due payment of project claim of Kes.871 million to the contractor building the Hazina Trade Centre. On other items, there was a reduction in operating cost of Kes. 41 million or 3% compared to the previous year.

15 Provisions/Adjustments

Increase in provision for doubtful debts	129,778,343	16,683,683
	129,778,343	16,683,683

Provision relate to TPS debtors, Rent debtors and Contribution debtors (unpaid cheques).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Cash and Bank Balances	2021	2020
	Kes	Kes
Cash balances	977,793	918,163
CFC Stanbic Bank	4,913,588	5,331,129
Cooperative Bank	140,093,998	(88,747,194)
Kenya Commercial Bank	(206,903,663)	(761,809,391)
Mpesa	48,963,410	536,626,383
National Bank of Kenya	368,643,370	170,291,327
Standard Chartered Bank	214,312,483	203,186,597
	571,000,978	65,797,015

The amount represents bank accounts ledger balances at the closure of the financial year.

17 Deposits		
Call deposits	3,700,931,000	6,793,000,000
Fixed deposits	4,668,389,000	8,852,705,000
	8,369,320,000	15,645,705,000
MOVEMENT		
Opening balance	15,645,705,000	9,659,178,400
Additions during the year	62,419,589,268	95,624,186,677
Reductions during the year	69,695,974,268	89,637,660,077
Closing balance	8,369,320,000	15,645,705,000

The call and fixed deposits have been placed in a cross section of banks as represented on note 17a and 17b below.

17a Call Deposits (Held to Maturity)		
ABSA Bank Ltd	132,200,000	120,000,000
Stanbic bank	255,200,000	-
Cooperative Bank Ltd	1,121,239,000	1,280,000,000
Equity Bank Ltd	1,685,692,000	1,796,500,000
KCB Bank Ltd	88,600,000	68,800,000
National bank	-	2,000,000,000
NCBA Bank Ltd	418,000,000	1,527,700,000
	3,700,931,000	6,793,000,000

17b Fixed Deposits (Held to Maturity)	2021 Kes	2020 Kes
ABSA Bank Ltd	-	400,000,000
Cooperative bank	1,263,000,000	1,558,800,000
Equity bank	328,505,000	2,324,505,000
I&M Bank Ltd	-	500,000,000
National Bank of Kenya	2,000,000,000	-
SBM Bank Ltd	8,750,000	17,500,000
Kenya Commercial Bank	100,000,000	166,000,000
NCBA Bank Ltd	400,000,000	1,843,900,000
Stanbic Bank Ltd	568,134,000	2,042,000,000
Chase bank	17,029,329	17,029,329
Imperial bank	206,126,260	206,126,260
	4,891,544,588	9,075,860,588
Less: Provision for doubtful deposits	(223,155,588)	(223,155,588)
	4,668,389,000	8,852,705,000
Maturity analysis:		
Already due	223,155,588	223,155,588
Maturing over 90 days	4,668,389,000	8,852,705,000
	4,891,544,588	9,075,860,588

The provision of Kes 223,155,588 relates to the remaining amounts of deposits placed in Imperial Bank of Kes 206,126,260 and Chase Bank Kes 17,029,329. These banks were put under statutory management by Central Bank of Kenya (CBK). To date 76% or Kes 52, 970,671 held in Chase Bank and 21% or Kes 53,373,741 held in Imperial Bank has since been recovered. All fixed deposits will mature within 12 months.

18 T. Bills (Summary and Movement)

Balance at the beginning of the year	2,002,681,495	5,994,518,873
Additions	1,296,206,147	2,126,167,460
Proceeds on maturity/disposals	(2,088,490,842)	(6,118,004,838)
Balance at the end of the year	1,210,396,800	2,002,681,495
Maturity Analysis:		
Between 0 and 90 days	-	1,602,180,370
Between 91 and 120 days	-	315,331,335
Between 121 and 180 days	-	85,169,790
Between 181 and 365 days	1,210,396,800	-
	1,210,396,800	2,002,681,495

The effective weighted interest rate on treasury bills was 8.9% for 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 T. Bonds (Summary and Movement)	2021 Kes	2020 Kes
Balance at the beginning of the year	124,284,783,962	105,033,078,822
Additions	39,773,201,005	30,558,750,000
Proceeds from disposal/redemption	(9,338,197,468)	(10,072,146,567)
Add: Fair value gain/(loss)	(1,779,399,057)	(1,234,898,293)
	152,940,388,443	124,284,783,962
Maturity Analysis:		
Within 1 year	8,540,213,781	6,817,279,502
Between 1 and 3 years	20,731,344,091	24,565,972,827
Between 3 and 5 years	15,195,879,975	18,439,436,126
Between 5 and 10 years	54,754,615,179	45,121,199,959
Between 10 and 20 years	48,441,931,214	26,164,077,775
More than 20 years	5,276,404,203	3,176,817,773
	152,940,388,443	124,284,783,962

Treasury bonds represent 49% of the Fund's total assets and earned 70% of total investment income. The Fund increased its Fixed Income exposure to mitigate the equity fluctuation that eroded value because of a poor run at the Nairobi Securities Exchange.

20 Corporate Bonds

CBA Fixed Medium Term Note	-	410,599,016
EABL-FXD 02/2017/005	-	489,701,410
FM FXD 5.5YR Bond	-	315,611,052
FXDCHASE2015	534,700,000	534,700,000
Imperia 5.25YR FXD Bond	132,200,000	132,200,000
Family Bank 5.5yr Bond	904,451,157	-
REALPPLE5YRFXD Bullet Note	183,693,410	183,693,405
	1,755,044,567	2,066,504,883
Less: Provision for Doubtful Bonds		
FXD CHASE 2015	534,700,000	534,700,000
Imperial 5.25yr FXD Bond	132,200,000	132,200,000
	1,088,144,567	1,399,604,883

MOVEMENT

Balance at the beginning of the year	2,066,504,882	7,807,297,038
Purchases	904,500,000	-
Disposal/redemption	(1,176,600,000)	(5,599,693,950)
Add: Fair value gain/(loss)	(39,360,316)	(141,098,206)
	1,755,044,566	2,066,504,882
Less: Provision for doubtful bonds	666,900,000	666,900,000
	1,088,144,566	1,399,604,882

Provision relates to Imperial bank and Chase bank bonds. These two banks were put under statutory management by CBK.

21 Accrued Income

Accrued Dividend Income (21a)	264,491,234	1,235,610,522
Interest from T. bills and bonds (21b)	4,408,582,056	3,438,004,280
Interest from Call and Fixed Deposits (21c)	125,119,339	1,370,367,388
Interest from Corporate Bonds (21d)	14,156,116	39,784,780
	4,812,348,744	6,083,766,970

Accrued interest income from treasury bonds represents 92% of total accrued income. The Fund anticipates to receive all accrued income within the first six months of 2021/2020 financial year.

21a Accrued Dividend Income

Bamburi Cement	176,678,820	-
KenGen Co. Ltd	63,217,810	-
Jubilee Holdings Ltd Ord 5.00	773,400	2,855,800
Nation Media Group	4	4
Standard Chartered Bank Kenya Ltd Ord 5.00	-	127,831,442
Britam Holdings Plc	-	57,641,051
NCBA Bank Ltd Ord 5.00	-	25,134,818
Centum Investment Co. Ltd	-	7,062,960
CRDB Bank Plc	15,210	15,210
Safaricom Ltd	104,020	962,608,748
Stanbic Bank Uganda	77,879	77,879
Diamond Trust Bank Kenya Ltd Ord 4.00	-	18,667,455
Kenya Re-insurance Corporation	18,115,866	6,508,895
Umeme	5,705,338	27,206,261
	264,688,347	1,235,610,522
Less: Provision for Doubtful Income	197,113	
	264,491,234	1,235,610,522

NOTES TO THE FINANCIAL STATEMENTS (continued)

21b Interest From T. Bills and Bonds	2021 Kes	2020 Kes
Treasury bonds	4,387,041,121	3,311,859,568
Treasury bills	21,540,935	126,144,712
	4,408,582,056	3,438,004,280

99.5% of accrued interest income is from government securities presenting zero risk on collection.

21c Interest from Call and Fixed Deposits		
ABSA Bank Ltd	665,515	3,600,822
Co-op Bank Ltd	20,985,430	39,855,791
Equity Bank Ltd	25,911,235	47,748,117
I&M Bank Ltd	-	729,452
KCB Bank Ltd	-	2,101,742
NBK Bank Ltd	65,095,890	1,240,438,356
NCBA Bank Ltd	6,852,637	33,290,580
SBM Bank Ltd	1,531,418	1,960,336
Stanbic Bank Ltd	4,077,214	642,192
	125,119,339	1,370,367,388

21d Interest From Corporate Bonds		
CBA FIXED MEDIUM TERM NOTE	-	2,258,011
CON.BD-FXD(SN)/2012/7Yr	-	274,901
EABL-FXD 02/2017/005		16,807,644
Family Bank 5.5yr Bond	1,615,179	8,164,025
NIC MEDIUM TERM NOTE	-	2,082,074
REALPPLE5YRFXD BULLET NOTE	12,540,938	10,198,125
	14,156,116	39,784,780

22 Stores and Supplies		
General office stationery	64,610,735	66,671,799
Office and computer accessories	10,784,023	10,309,053
Tools and electrical accessories	402,927	574,329
Safety materials and clothing	349,118	238,788
Hospitality materials	3,007,608	3,019,617
Motor vehicles spares	150,460	150,460
Total inventory	79,304,872	80,964,046

Stores and supplies represent the value of items of stationery, consumables and other materials held in the stores as at 30 June 2021. A stock-take to ascertain the value is carried at the end of every financial year and reconciliation carried out.

23 Receivables and Prepayments	2021 Kes	2020 Kes
Rent debtors	1,001,072,176	770,109,437
TPS debtors	713,690,523	813,046,865
Deposits and advances	476,330,955	555,918,674
Prepayments	13,767,746	17,112
Contribution debtors (23a)	232,794,908	(65,603,283)
Taxes receivables (23b)	933,170,598	930,494,834
Unpaid Cheques	79,813,505	76,364,385
ECASSA debtors	-	9,211,610
Mutula Kilonzo	5,015,000	5,015,000
Commuted pension	-	2,645,193
Staff mortgage loans	6,917,601	6,919,827
Other loans	2,519,265	2,730,391
Advances and imprest	28,308,206	23,134,327
Staff Car loan debtors	21,818,023	27,930,096
Lloyd Masika Ltd	4,787,000	4,787,000
City Council of Nairobi	2,474,000	2,474,000
Staff pension debtor	4,587,969	4,587,969
Service Charge Debtors (23c)	780,774,369	624,143,730
Total Receivables and Prepayments	4,307,841,845	3,793,927,167
Less: Provision for bad debts	(234,880,612)	(105,102,269)
Net Receivables and Prepayments	4,072,961,233	3,688,824,898
General provisions		
TPS Debtors	21,410,716	-
Rent Debtors	27,348,858	-
	48,759,574	-
Specific provisions		
Nakumatt Holdings	36,818,400	-
LEVS Trading Company Ltd	25,854,475	-
Sokomania Ltd	26,770,690	-
Prepayments	-	17,112
Commuted pension	-	2,645,193
Staff pension debtor	4,587,969	4,587,969
ECASSA debtors	-	9,211,610
City Council of Nairobi	2,474,000	2,474,000
Mutula Kilonzo	5,015,000	5,015,000
Lloyd Masika Ltd	4,787,000	4,787,000
Bounces cheques	79,813,505	76,364,385
	186,121,038	105,102,269
Total Provisions	234,880,612	105,102,269

The provision relates to long outstanding items whose recoverability has been judged to be doubtful. Effort to recover is ongoing but the provision is to ensure that the financial statements do not overstate the financial position of the Fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23a Contribution debtors

Outstanding for less than 30 days	950,893,829	718,098,920
Less: Accruals at start of the year	(718,098,920)	(783,702,203)
Outstanding for less than 30 days	232,794,908	(65,603,283)
Outstanding for more than 30 days previous year	-	-
	232,794,908	(65,603,283)

Contribution debtors relates to contributions received or accrued 15 days after the close of a financial year but adjusted for timing differences. Due date for contribution is 15th of the subsequent month after payroll deduction which crosses over after year end closure.

23b Tax Receivable

Tax refund due from KRA (1996,1997)	904,903,717	904,903,717
Other tax receivable	28,266,881	25,591,117
Total Outstanding	933,170,598	930,494,834

Out of the tax receivable of Kes 923,160,277, Kes 904,903,717 relates to an income tax return of Kes 1,067,606,204 filed in 1996 later established that an amount of Kes 493,257,328 was overpaid and a further Kes 411,646,389 income tax inadvertently paid to KRA in 1997 when the Fund had become income tax exempt in accordance with Section 45 of the First schedule of Income Tax Act Cap 470 which came into effect on 18 June 1996. The incidental refund of the same has remained outstanding and in 2019/2020 financial year, the same continues to be recognised as a debt.

The summary of Kes 904,903,717 is as follows:-

Year	Amount (Kes)	Comment
1996	493,257,328	Overpayment based on draft accounts
1997	411,646,389	Overpaid based on the Finance Bill 1996 which was different from Finance Act 1996. KRA is yet to refund incompliance to Section 90 (1)

The amount of Kes 25,825,387 relates to Kes 19,096,247 withholding tax on interest withheld by various banks and Kes 6,494,870 low interest tax.

23c Service Charge Debtors

Opening	624,143,730	482,613,355
Increase in the year	156,630,639	141,530,376
Decrease in the year	-	-
Prior year adjustment	-	-
	780,774,369	624,143,730

Service charge debtors relate to amounts incurred to provide services to tenants to be recovered from future service charge after service charge audit.

24 Staff Loans

Staff Carloans	230,590,974	245,915,928
	230,590,974	245,915,928

The Fund operates internally a staff car loan scheme at 4% interest repayable in 6 years. The amount relates to the outstanding principal amounts. Interest charged is recognised under other income.

25 TPF Loans

TPS Loans-held by NSSF Employees	826,919,356	941,040,064
TPS Loans-held by Public	2,817,701,550	3,103,029,138
	3,644,620,906	4,044,069,201

Reduction of 10% in TPS loans is due to early repayment by home owners.

26 Long Term Deposits

KCB (Mortgage Security deposit and Revolving Funds)	134,201,817	73,643,862
Housing Finance	628,646,785	514,811,649
National Bank of Kenya	464,573,228	413,664,730
	1,227,421,830	1,002,120,242

Long-term deposits are made up of staff mortgage security deposits and balances of mortgage revolving funds bank accounts. The Fund has a staff mortgage scheme advanced at 5% interest to staff. All cadres of staff enjoy the facility according to the Human Resource Policy.

27 Unquoted Equities

No. of units

Consolidated Bank Ltd			
i. 4% Kes. 20 Cum preference shares	8,050,000	161,000,000	161,000,000
ii. Kes. 20 Ordinary shares	2,225,000	86,694,264	86,694,264
UAP Holdings Ltd @ Kshs 144 per share	1,118,460	161,058,240	249,987,461
Fanisi Fund II	338,572	36,452,134	16,291,130
		445,204,638	513,972,854
Movement			
Opening balance		513,972,854	1,679,927,974
Additions during the year		20,161,004	9,044,880
Gain/(loss) on revaluation		(88,929,221)	-
Reduction during the year		-	(1,175,000,000)
Closing balance		445,204,638	513,972,854

Consolidated Bank was valued in 2012 at a point when there was an expression of interest to purchase the Fund's stake. Given the nature of the bank, and the prevailing market conditions, it is prudent that it is retained at cost as opposed to reflecting the values obtained in 2012. Fanisi Fund II is a private equity fund. Private Equity investments are made in a manner such that the Fund made a commitment to invest \$1 Million and the funds are only drawn down as Fanisi makes investments. The valuation can therefore only be carried out after the Fund has finalized making investments. The amount in the financial statements is therefore what has been drawn down. UAP shares have been revalued using Geghis Capital Over the Counter (OTC) price as at 30th June 2021.

28 Quoted Equities

Balance at beginning of the year	52,543,439,582	52,750,355,185
Purchases	1,690,639,935	12,014,831,029
Sales	(1,033,876,285)	(3,299,523,547)
Less: Fair Value gain/(loss) on valuation	13,454,920,812	(8,922,223,085)
Balance at end of the year	66,655,124,043	52,543,439,582

The Kes 13,454,920,812 billion is as a result of improved equity prices at the Nairobi Securities exchange reflected on the fall of the NSE 20 share index equity market. Being a long-term investor, short term price fluctuation will be corrected over time. The Fund has mitigated the equity fluctuation by increased investment in government securities.

Number of shares at 30.06.2019	Additions	Disposals	Number of Shares as 30.6.2021		Description	Market value as at 30.06.2019 Kes	Additions (Purchases) Kes	Disposal Proceeds Kes	Market gain/(loss) Kes	Market value as at 30.06.20201 Kes
			Number of Shares as 30.6.2021	Price						
90,393,918	-	22,411,460	67,982,458	1.40	Kenya Power Ordinary Shares	173,556,323	-	38,853,091	- 39,527,790	95,175,441
3,550	-	-	3,550	4.53	Kenya Power Cum Preference Shares	17,750	-	-	- 1,669	16,082
750	-	-	750	6.00	Kenya Power Cum Preference Shares	4,500	-	-	-	4,500
29,561,374	1,682,300	-	31,243,674	180.75	East African Breweries Ltd	4,803,723,275	261,966,533	-	581,604,267	5,647,294,076
2,224,136	-	23	2,224,113	450.00	British American Tobacco (K) Ltd	706,719,214	-	10,109	294,141,745	1,000,850,850
210,726,034	-	-	210,726,034	3.94	Kengen Company Ltd	1,121,062,501	-	-	- 290,801,927	830,260,574
58,892,940	-	-	58,892,940	35.15	Bamburi Cement Co. Ltd	1,649,002,320	-	-	421,084,521	2,070,086,841
24,300,000	-	-	24,300,000	8.50	E.A. Portland Cement Ltd	306,180,000	-	-	- 99,630,000	206,550,000
255,452,909	10,345,000	-	265,797,909	42.65	Kenya Commercial Bank Ltd	9,285,713,242	384,535,472	-	1,666,032,105	11,336,280,819
24,016,639	-	-	24,016,639	3.87	Housing Finance Group	105,913,379	-	-	- 12,968,985	92,944,394
2,838,776	-	-	2,838,776	3.40	Sameer Africa Ltd	9,935,716	-	-	- 283,878	9,651,838
134,736,308	-	-	134,736,308	9.92	ABSA Ltd	1,347,363,080	-	-	- 10,778,905	1,336,584,175
5,802,864	562,066	-	6,364,930	129.75	Standard Chartered Bank Kenya Ltd	985,036,164	-	-	- 159,186,443	825,849,721
8,574,268	857,427	2,086,347	7,345,348	25.00	Nation Media Group Ltd	132,043,727	0	22,885,616	74,475,589	183,633,700
2,957,500	-	-	2,957,500	5.55	Athi River Mining Ltd	16,414,125	-	-	-	16,414,125
90,579,331	-	-	90,579,331	2.47	Kenya Re Insurance Corporation Ltd	193,839,768	-	-	29,891,179	223,730,948
230,564,205	-	-	230,564,205	7.24	Britam (K) Ltd	1,756,899,242	-	-	- 87,614,398	1,669,284,844
687,503,377	21,460,300	23,628,100	685,335,577	41.45	Safaricom Limited	19,696,971,751	651,977,438	910,450,114	8,968,660,592	28,407,159,667
356,975	-	260,300	96,675	350.50	Jubilee Holdings	86,387,950	-	61,677,355	9,173,992	33,884,588
2,137,651	-	-	2,137,651	81.00	CFC Stanbic of Kenya Holdings Ltd	180,097,097	-	-	- 6,947,366	173,149,731
5,885,800	-	-	5,885,800	17.40	Centum Investment Co. Ltd	150,382,190	-	-	- 47,969,270	102,412,920
139,451,024	2,729,200	-	142,180,224	13.80	The Cooperative Bank of Kenya Ltd	1,694,329,942	33,834,615	-	233,922,535	1,962,087,091
21,792,445	2,362,475	-	24,154,920	25.50	NCBA Bank Ltd	578,589,423	13,433,740	-	23,927,285	615,950,448
191,004,314	9,590,300	-	200,594,614	44.75	Equity Bank Ltd	6,627,849,696	344,892,137	-	2,003,867,144	8,976,608,977
6,913,871	-	-	6,913,871	59.25	Diamond Trust Bank Kenya Ltd	489,156,373	-	-	- 79,509,517	409,646,857
5,005,735	-	-	5,005,735	6.64	Ememe Ltd-Uganda	35,185,436	-	-	- 1,927,764	33,257,673
15,427,981	-	-	15,427,981	5.84	Ememe Ltd-Kenya	110,155,784	-	-	- 20,056,375	90,099,409
32,333,900	-	-	32,333,900	6.14	Stanlib Fahari I-REIT	190,770,008	-	-	7,760,136	198,530,144
1,923,200	1,923,200	-	3,846,400	21.85	I&M Holdings Ltd	96,160,000	-	-	- 12,116,160	84,043,840
1,140,000	-	-	1,140,000	13.72	CRDB Bank PLC (TZ)	7,094,035	-	-	8,546,297	15,640,333
10,000,000	-	-	10,000,000	0.80	Stanlib Uganda	6,885,570	-	-	1,153,870	8,039,440
2,292,501,775	51,512,268	48,386,230	2,295,627,813			52,543,439,582	1,690,639,935		13,454,920,812	66,655,124,043

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 INVESTMENT PROPERTY	Fair value 30.06.2020 Kes	Additions Kes	Disposal Proceeds Kes	Fair value adjustments Kes	Balance 30 .06.2019 Kes
a) Developed Property					
Social Security House Nairobi L.R. No: 209/13920	8,620,000,000	-	-	-	8,620,000,000
Social Security House Mombasa L.R. No: Block XXV/123	1,500,000,000	-	-	-	1,500,000,000
Bruce House L.R. 209/6776 (I.R. No: 21769)	2,915,000,000	-	-	-	2,915,000,000
Hazina Trade Centre L.R. No. 209/6708 (I.R.No.21457)	3,237,000,000	-	-	-	3,237,000,000
View Park Towers L.R.No: 209/8595 (I.R.No: 29601)	2,542,000,000	-	-	-	2,542,000,000
Hazina Towers L.R.No: 209/10567(I.R.No:43170)	1,568,000,000	-	-	-	1,568,000,000
Hazina South B L.R. No: 92/1598,1599,1600	360,500,000	-	-	500,000	360,000,000
Hazina Plaza- Polana Mombasa L.R. MSA/Block XX/328&329	530,000,000	-	-	-	530,000,000
Kisumu Estate-Kisumu L.R. No. Kisumu/Mun/ Block 8/258	220,000,000	-	-	-	220,000,000
Milimani Executive Apartments	2,512,855,742	3,000,000	206,589,337	-	2,716,445,079
Nyayo Estate Embakasi	296,447,415	277,151,628	23,200,000	-	42,495,787
Sub-total	24,301,803,157	280,151,628	229,789,337	500,000	24,250,940,866
b) Undeveloped Land				-	
Kenyatta Avenue Plots L.R. No: 209/11331,1141 2,12287,12219,12220	4,000,000,000	-	-	-	4,000,000,000
L.R. 20694,24575,20305-Mavoko-Sabaki	4,215,000,000	-	-	-	4,215,000,000
Bamburi Plots L.R. No: MN/I/2535,2537,2539,2540	1,125,000,000	-	-	-	1,125,000,000
Mtwapa Plot Jamboree L.R. No. MSA/MN/982- Mombasa	640,000,000	-	-	-	640,000,000
L.R. 20589-Makutano Junction	425,000,000	-	-	-	425,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Tassia Estate	20,264,784	-	-	-	20,264,784
Sub-total	10,700,264,784	-	-	-	10,700,264,784
Total Investment Property	35,002,067,942	280,151,628	229,789,337	500,000	34,951,205,651
Less: Provision for Impairment					
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
Total provision for impairment	275,000,000	-	-	-	275,000,000
Net Investment Property	34,727,067,942	280,151,628	229,789,337	500,000	34,676,205,651

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 Movement	2021 Kes	2020 Kes
Opening balance	34,951,205,651	35,035,285,136
Additions during the year	280,151,628	100,435,376
Reduction/disposal during the year	(229,789,337)	(288,114,862)
Gain/(loss) on revaluation	500,000	103,600,000
Transfer to Asset under Construction	-	
	35,002,067,942	34,951,205,651
Less: Impairment	(275,000,000)	(275,000,000)
	34,727,067,942	34,676,205,651

Additions during the year relate to Milimani Executive Apartments and Nyayo Embakasi Phase 6. Disposal of investment property relates to sale of houses in Nyayo Embakasi and Milimani Executive Apartments. Impairment relates to Forest Edge plot and Upper Hill Plot whose title was revoked by the National Land Commission

30 Assets Under Construction

Mavoko Project	1,805,621	1,805,621
Tassia Scheme	105,158,476	105,158,476
Hazina Trade Centre	4,282,604,715	3,585,338,565
Field Office Refurbishment	63,006,715	41,861,764
Nyayo Embakasi	-	277,151,628
SSH Nairobi transformer	7,573,110	7,573,110
SSPAS Reimplementation	-	192,490,765
ICT Server upgrades	-	55,976,380
EDRMS System	295,245,453	148,467,834
SAP Additional Modules	214,074,370	179,699,848
Bamburi Plot	3,193,280	197,000
Branch Generators	7,432,151	1,365,016
Mavoko Plot	26,962,222	26,962,222
Parking Silo Generator	4,706,684	-
Parking Silo Lift AVS	1,334,000	-
Bruce House Lifts	21,836,360	-
NEXTECH Network	31,029,173	-
Property Repairs	37,470,584	-
SSH Data Centre	47,236,277	-
SSH Gym Centre	2,065,965	-
Net Amount	5,152,734,819	4,624,048,230
Movement		
Opening balance	4,624,048,230	3,177,008,287
Additions during the year	1,054,305,362	1,447,039,943
Transfer of complete assets	525,618,773	-
Closing balance	5,152,734,819	4,624,048,230

31. Property Plant & Equipment Movement Schedule 2019-2020 Fy

	Motor Vehicle	ICT	Furniture	Equipment	Fittings	Software	Totals
	Kes	Kes	Kes	Kes	Kes	Kes	Kes
Cost/Valuation							
Opening carrying value as at 1st July 2019	539,456,347	1,616,646,547	307,758,983	435,672,319	118,105,542	570,368,881	3,588,008,619
Additions During the year	56,037,750	35,580,736	3,773,501	2,478,258	178,980	-	98,049,225
Disposal	(50,742,597)	(41,528,015)	(6,183,950)	(29,870,923)	(152,911)	-	(128,478,396)
Closing carrying value as at 30 June 2020	544,751,500	1,610,699,268	305,370,533	408,279,655	118,131,611	570,368,881	3,557,579,448
Opening carrying value as at 1st July 2020	544,751,500	1,610,699,268	305,370,533	408,279,655	118,131,611	570,368,881	3,557,579,448
Additions During the year	130,473,492	102,161,015	15,351,170	3,443,160	138,992	192,490,756	444,058,594
Disposal	125,232,387	681,923,839	51,977,188	39,103,929	-	-	898,237,344
Closing carrying value as at 30 June 2021	549,992,605	1,030,936,444	268,722,515	372,618,886	118,270,602	762,859,646	3,103,400,698
Depreciation							
Opening balance as at 1st July 2019	444,074,938	1,302,437,701	209,243,902	288,547,521	46,565,954	568,542,542	2,859,412,558
Disposal	50,742,597	41,528,015	6,178,557	29,796,219	152,911	-	128,398,300
Charge for the year	49,507,756	136,977,238	17,618,495	26,282,154	14,963,085	626,173	245,974,901
Reclassification to Low asset value	-	-	-	-	-	-	-
Closing balance as at 30 June 2020	442,840,097	1,397,886,924	220,683,840	285,033,455	61,376,128	569,168,715	2,976,989,159
Opening balance as at 1st July 2020	442,840,097	1,397,886,924	220,683,840	285,033,455	61,376,128	569,168,715	2,976,989,159
Disposal	125,232,387	681,923,829	51,708,169	39,079,364	-	-	897,943,759
Charge for the year	66,211,180	141,626,864	19,231,388	25,887,394	14,920,682	64,789,762	332,667,270
Reclassification to Low asset value	-	-	-	-	-	-	-
Closing balance as at 30 June 2021	383,818,890	857,589,949	188,207,058	271,841,486	76,296,810	633,958,477	2,411,712,670
NBV as at 30 June 2020	101,911,403	212,812,344	84,664,694	123,246,199	56,755,483	1,200,166	580,590,289
NBV as at 30 June 2021	166,173,715	173,346,695	80,515,457	100,777,400	41,973,793	128,904,169	691,688,029

NOTES TO THE FINANCIAL STATEMENTS (continued)

Property, plant and equipment include the following items that are fully depreciated:

Class	Cost	Annual Depreciation Charge
IT Hardware	1,215,786,980	405,262,327
Motor Vehicle	295,157,053	59,031,411
Office Equipment	190,564,495	19,056,449
Office Furniture	130,822,633	16,352,829
Fitting & Furnishing	43,144,588	8,628,918
	1,875,475,748	508,331,933

	2021 Kes	2020 Kes
32 Payables and Accruals		
Payables due to Vendors	173,047,633	320,002,494
House Purchase deposits	279,791,295	444,447,625
Tassia infrastructure deposits	322,377,850	496,606,162
Sundry creditors and accruals (note 32 a)	290,271,246	254,255,543
Statutory deductions	659,893	2,093,585
Returned benefits	266,336,140	268,740,624
Provision for leave pay and gratuity (note 32 b)	99,207,090	43,198,110
	1,431,691,147	1,829,344,143

32a Analysis of Sundry Creditors and Accruals

Tax Payable	50,030,696	42,214,754
Rental deposits	221,172,060	202,252,299
Provision for audit fees	17,280,000	8,000,000
TPS Sundry Creditors	1,788,490	1,788,490
	290,271,246	254,255,543

32b Provision for leave pay and gratuity	43,198,110	36,690,116
Increase during the period	56,008,980	6,507,994
Reduction in Provision leave pay	-	-
	99,207,090	43,198,110

33 Taxation

According to Section 45 of the First schedule of Income Tax Act Cap 470 effective 18 June 1996, the Fund is exempted from taxation. According to Income Tax (National Social Security Fund (Exemption) Rules 2002, effective 1 July 2002 the Fund should comply with certain regulations for it to remain exempted.

34 Compliance with retirement benefits act

In compliance with Retirement Benefits Act, NSSF maintains employer contribution clearing accounts where total contributions are posted from employers to the credit of member accounts for benefits payment upon qualification as per the Act. During the year, the contributions in transit balance increased from Kes.439 Million as at 30 June 2020 to Kes.3.932 billion as at 30 June 2021.

35 Related Party Disclosures

a. Income Earned from Related Parties

Kenya Commercial Bank – Dividend income	265,697,909	656,620,568
NSSF SACCO Society Ltd-Rental Income	7,127,897	7,127,897
	272,825,806	663,748,465

The related party income includes rent and dividend income earned during the year.

b. Board of Trustees Remuneration and Expenses

Board Expenses	19,687,797	39,505,364
	19,687,797	39,505,364

c. Employees

Tenant Purchase Staff Loans	826,919,356	941,040,064
Car Loans	230,590,974	245,915,928
Advances and Imprest	28,308,206	23,152,846
	1,085,818,536	1,210,108,838

The Fund provides qualifying employees with car and housing loans on terms more favourable than the market rate. The benefits obtained by staff are subjected to income tax as required under the Kenya Income Tax Act.

36. Contingent assets and liabilities

a) Contingent Assets

In the financial year 2012/2013, The Board of Trustees approved exclusion of impaired assets from the Financial Statements. The cases to recover the assets are being pursued in courts of law and the current status of the cases is as follows:

i. Properties in Gazetted Areas

The Fund acquired investment properties in gazetted areas in New Muthaiga L.R. No.209/12274 measuring 18.41 hectares (located within Sigiria Block which is part of the Karura Forest Reserve), Ngong Road L.R.Nos.20840 and 20841 lying next to Lenana School (part of Ngong Forest).

New Muthaiga

The Fund filed a case under (formerly 147 of 2004) NSSF Board of Trustees VS- Kitisuru Limited and Geoffrey Chege Kirundi, Mike Maina Kamau, Commissioner of Lands and Attorney General. The case is ongoing and is at hearing stage. EACC is currently investigating the matter.

Ngong Road Plot LR. Nos.20840 & 20841

The Fund filed a case in court under Milimani HCCC NO. 162 of 2005 NSSF vs Kerios Farm Ltd. The case is ongoing. On 15 July 2014 EACC wrote to the Fund informing it that it is investigating the matter. The title to the property was revoked vide a Kenya Gazette Notice No.3640 dated 1 April 2010. As per the Gazette Notice revoking the title, the parcel of the land had been reserved for public purposes and the allocation was therefore illegal and unconstitutional. The Fund was not given a hearing or any formal notification of the revocation of title.

The Fund is engaging the Chairman, National Land Commission and the Commissioner of Lands seeking for the reinstatement of the title of L.R. No.209/11642 and no positive reply has been received to date. As at 30 June 2015, the valuation of the land stood at Kes.115 million.

NOTES TO THE FINANCIAL STATEMENTS (continued)

ii. The amount of Kes.251,516,000.00 invested in Euro Bank

An amount of Kes.251, 516,000.00 invested in Euro Bank and expected to have matured on 28 February 2002 had not been redeemed, as the Bank was placed under receivership in 2003.

The Fund initially won the case against Shah Munge & Partners and was awarded Kes.258, 133,333.00. In 2013, the Fund identified 5,250,000 NSE shares valued at 250,000,000.00 belonging to Shah Munge, but another company by the name Southern Bell Ltd went to court claiming ownership of the shares.

The company lost the case blocking the Fund from selling the 5,250,000.00 shares for Euro Bank valued at Kes.250, 000,000.00. The Fund sold the shares including a bonus of 17,500,000 shares for Kes. 92,681,284.40, out of which Kes. 23,523,743.30 was retained and paid out as legal fees and other costs.

iii. Rental income

Rental income amounting to Kes.30, 681,000 collected from tenants in Bruce House, Hazina, Viewpark Towers and Nyayo Estate by various property agents had not been remitted to the Fund as at 30 June 2020. Efforts to implement a court decree in favour of the Fund entered by consent vide HCCC No.859 of 1997 have not been successful and on 14th July 2014 the matter was picked by the EACC for investigation. The Fund lawyers are trying to trace the assets of the company.

iv. Discount Securities Ltd

The amount of Kes.1, 201,143,000 in respect of shares purchased through Discount Securities Limited. The matter is before the Anti-Corruption Court - Milimani - Discount Securities Case File No.141/267/2010, Court File No. ACC 15 of 2010 (Republic-vs-Francis Moturi Zuriels & Others), Fund witnesses are giving evidence. Recovery of the amount is still being pursued through the Court Case ACC 15 OF 2010 filed by EACC against the suspected culprits. The case is ongoing.

v. Cash Losses Westlands Branch Fraud (cash losses)

The amount of Kes.7,243,030 was lost through fraud at the Branch. The matter is before a court of law for determination though fully provided for in the Financial Statements for 30 June 2015. The case is ongoing.

vi. Kenya College of Medicine

This tenant at both Hazina and View Park Towers presented fake cash deposit slips for receipting that were subsequently discovered. The case is before a court of law and the amount of Kes.9,327,627 in question has been provided for as contingent.

vii. Contribution Arrears and Penalties as at June 2020

Contributions receivable estimated to be Kes 7,436,817,732 have not been included in the financial statements. This comprises of mandatory contributions of 1,537,129,161 and penalties of 5,899,688,571. These contributions are based on estimates made on employer and the outstanding penalty is estimated based on previous late payments. The Fund is involved in recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

b) Contingent Liabilities

The major cases that may give rise to contingent liabilities during the year are as follows:

i. Nyayo Estate Embakasi Phase Six

Nyayo Embakasi Residents Association (NERA) instituted legal proceedings in the High Court of Kenya at Nairobi Environment and Land Division ELC NO.1170 of 2014 seeking to stop construction of the project

because of environmental concerns. This has resulted in delay in completion of the works and this has led to the expiry of the Bank guarantee and the mobilization fee of Kes.215, 540,774.00 is at risk. The value of work done is thus KES 274.7 million against the payment of KES 227.9 million. This implied that the Fund's exposure is KES 168.7 which will be claimed based on the terms of the contract.

ii. Nyayo Estate, Embakasi (Mugoya Construction)

Mugoya Construction Company Limited has sued the Fund claiming Kes.7.058 billion against a counter claim by NSSF of Kes.9.873 billion. Included in project costs for Nyayo Estate, Embakasi and the counter-claim are questionable payments of Kes.324.356 million made to Mugoya Construction Company Limited without security. The Fund is of the opinion that the possibility of Mugoya Construction Company Limited succeeding is remote. These and other matters relating to dealings with Mugoya Construction Company Limited are under arbitration for determination.

However, full provision of Kes. 324.36 million was made in the 2008/2009 Financial Statements. To date, the arbitration process is still ongoing.

37. Financial risk management policies

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board of Trustees has established various Board committees, which are responsible for developing and monitoring the Fund's risk management policies in their specific areas.

All Board committees report regularly to the Board of Trustees on their activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Fund, through its training and management policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit & Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund. The Committee is assisted in these functions by Audit & Risk department which undertake reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

The Fund's financial risk management objectives and policies are detailed below:

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the Financial Statements.

b) Financial Risk Factors

The Fund's overall risk management programme seeks to maximize the returns derived from the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's performance. The management of these risks is carried out by the Management and Fund Managers under investment policies approved by the Board of Trustees.

c) Foreign Currency Risk

The Fund does not hold any of its bank balances in foreign currency. The fluctuations in currency exchange rates therefore do not expose the Fund to foreign currency risk. IFRS 7 considers the foreign exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

However, Management monitors the exposure on all foreign currency denominated assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Liquidity Risk Management

The Fund is exposed to daily operational payments and payment to claims payable balances. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Fund sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand.

Ultimate responsibility for liquidity risk management rests with the Management of the Fund, who have built an appropriate liquidity risk management framework. The Fund manages this risk by maintaining enough funds for its operations through continuous monitoring of forecast and actual cash flows. In order to manage the Fund’s overall liquidity, the Management monitors the Fund’s liquidity position on a daily basis.

The contractual maturities of financial liabilities are shown below:-

Liquidity Risk			
As at 30 June, 2020	Less than 12 Months	Over 12 Months	Total
	Kes	Kes	Kes
Investment Assets:			
Investments at quoted market values	1,210,396,800	220,683,657,052	221,894,053,852
Investments at estimated fair	8,940,320,978	35,172,272,579	44,112,593,558
Other assets:			
Inventory	-	79,304,872	79,304,872
Receivables & Prepayments	4,072,961,233	-	4,073,312,233
Accrued Income	4,812,348,744	-	4,812,348,744
Staff Mortgage Schemes Term Deposits	-	1,227,421,830	1,227,421,830
TPS loans	-	3,644,620,906	3,644,620,906
Staff Car loans	-	230,590,974	230,590,974
Assets Under Construction	-	5,152,734,819	5,152,734,819
Property, Plant and Equipment	-	691,688,029	691,688,029
Total Assets	19,036,027,756	266,882,291,062	285,918,669,817
Liabilities:			-
Accounts Payable	(1,431,691,147)		(1,431,691,147)
Net Assets	17,604,336,608	266,882,291,062	284,486,978,670

Liquidity Risk

39. Currency

The Financial Statements are presented in Kenya shillings (Kes).

Ref. No on the audit Report	Issue/Observations from Auditor				Management Comments	Focal Point person to resolve the issue	Status	Time frame																											
1	<p>Cash and Cash Equivalents</p> <p>Examination of the Fund’s bank reconciliation statements as at 30 June, 2020 revealed several outstanding balances for receipts in bank statements not in cashbooks, payments in cashbooks not in bank statements and payments in bank statements not in cash books, as follows:</p> <table><tr><th colspan="2">Nature of Outstanding Balances</th><th>Amount (Kshs)</th><th>Additional Audit Observation</th></tr><tr><td>1.</td><td>Receipts in Bank Statements not in Cashbooks</td><td>79,998,275</td><td>Some receipts included in the balance have been outstanding since July, 2014.</td></tr><tr><td>2.</td><td>Receipts in Cashbooks not in Bank Statements</td><td>127,877,988</td><td>Some receipts included in the balance have been outstanding since July, 2014.</td></tr><tr><td>3.</td><td>Payments in Bank Statement not in Cashbooks</td><td>134,335,976</td><td>Some payments included in the balance have been outstanding since 2012.</td></tr></table> <p>Management did not provide explanations on why the old outstanding balances had not been investigated and cleared from the respective bank accounts and cashbooks as applicable.</p> <p>In view of the unreconciled balances, the accuracy and completeness of the cash and bank balance totalling Kshs.65,797,015 reflected in the statement of net assets available for benefits as at 30 June, 2020 could not be confirmed.</p>				Nature of Outstanding Balances		Amount (Kshs)	Additional Audit Observation	1.	Receipts in Bank Statements not in Cashbooks	79,998,275	Some receipts included in the balance have been outstanding since July, 2014.	2.	Receipts in Cashbooks not in Bank Statements	127,877,988	Some receipts included in the balance have been outstanding since July, 2014.	3.	Payments in Bank Statement not in Cashbooks	134,335,976	Some payments included in the balance have been outstanding since 2012.		Finance Manager	Work in progress	30 September 2021											
Nature of Outstanding Balances		Amount (Kshs)	Additional Audit Observation																																
1.	Receipts in Bank Statements not in Cashbooks	79,998,275	Some receipts included in the balance have been outstanding since July, 2014.																																
2.	Receipts in Cashbooks not in Bank Statements	127,877,988	Some receipts included in the balance have been outstanding since July, 2014.																																
3.	Payments in Bank Statement not in Cashbooks	134,335,976	Some payments included in the balance have been outstanding since 2012.																																
2	<p>Fixed Deposits Held to Maturity</p> <p>The statement of assets available for benefits reflects fixed deposits held to maturity totalling Kshs.8,852,705,000 as at 30 June, 2020. The balance includes deposits totalling 223,155,587 held in two banks, namely, Chase Bank and Imperial Bank, as analysed below:</p> <table><tr><th colspan="2" rowspan="2">Deposit Status</th><th colspan="3">Name of Bank and Deposit Amount</th></tr><tr><th>Imperial Bank Kshs.</th><th>Chase Bank Kshs</th><th>Total Kshs</th></tr><tr><td colspan="2">Holding</td><td>259,500,000</td><td>70,000,000</td><td>329,500,000</td></tr><tr><td rowspan="2">Received</td><td>2018/ 2019</td><td>26,691,232</td><td>52,970,671</td><td>79,661,903</td></tr><tr><td>2017/ 2018</td><td>26,682,507</td><td>-</td><td>26,682,507</td></tr><tr><td colspan="2">Balance</td><td>206,126,259</td><td>17,029,328</td><td>223,155,587</td></tr></table> <p>However, in the year under review, the banks were under statutory management by the Central Bank of Kenya. As a result, the ratio of recoverable deposits in the balances totalling Kshs.223,155,587 held in the two banks as at 30 June, 2020 could not be confirmed. In view of the uncertainty, the aggregate fixed deposits balance totalling Kshs.8,852,705,000 as at 30 June, 2020 may not be fairly stated.</p>				Deposit Status		Name of Bank and Deposit Amount			Imperial Bank Kshs.	Chase Bank Kshs	Total Kshs	Holding		259,500,000	70,000,000	329,500,000	Received	2018/ 2019	26,691,232	52,970,671	79,661,903	2017/ 2018	26,682,507	-	26,682,507	Balance		206,126,259	17,029,328	223,155,587		Manager, Capital and Money Markets	Work in progress	30 September 2021
Deposit Status		Name of Bank and Deposit Amount																																	
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Balance		206,126,259	17,029,328	223,155,587																															

NOTES TO THE FINANCIAL STATEMENTS (continued)

3	<p>Rent Debtors</p> <p>The statement of assets available for benefits reflects rent debtors totalling Kshs.770,109,437 as at 30 June, 2020. Note 37 (iii) to the financial statements highlights contingent rental income totalling Kshs.30,681,000 collected by various property agents from the Fund's tenants in Nairobi at Bruce House, Hazina Trade Centre, View Park Towers and Nyayo Estate. However, the collections had not been remitted to the Fund as at 30 June, 2020. Although Management demonstrated new internal controls intended to prevent agents from withholding receipts collected from the Fund's tenants, there was no clarity on how the withheld rental income totalling Kshs.30,681,000 would be recovered.</p> <p>In addition, Note 37(vi) indicates that a tenant named Kenya College of Medicine with offices at both Hazina Trade Centre and View Park Towers presented fake banking slips totalling Kshs.9,327,627 purporting these to have been transacted for rent payments. Rental records indicated that Management recovered Kshs.201,550 after selling-off the tenant's assets. However, additional measures, if any, taken to recover the balance amounting to Kshs.9,126,077 were not disclosed.</p> <p>In the absence of sufficient information, the amount of recoverable rent and debtors could not be confirmed.</p>		Manager, Property Management	Work in progress	30 September 2021
4	<p>Payables and Accruals</p> <p>The statement of net assets available for benefits reflects payables and accruals totalling Kshs.1,829,344,143 as at 30 June, 2020 which in turn include Kshs.320,002,494 owed to various vendors, as disclosed in Note 32 to the financial statements. Examination of the payables ledger indicated that payables totalling Kshs.258,854,938 outstanding since 2012 were not supported by invoice receipt vouchers in the electronic (SAP) accounting system. No explanation was provided by Management why the respective vendors had not presented, or been asked to present, invoices to the Fund for payment. Further Management did not explain whether the respective owners of the payables totalling Kshs.258,854,938 were notified of the balances and a report made to the Unclaimed Assets Authority as prescribed in Section 19 and Section 20 of the Unclaimed Assets Act No. 40 of 2011, respectively. As a result, the propriety of the payables totalling Kshs.258,854,938 could not be confirmed.</p> <p>In view of these anomalies, the payables and accruals balance totalling Kshs.1,829,344,143 as at 30 June, 2020 may not be fairly stated.</p>		Manager, Finance	Work in progress	30 September 2021
	<p>Other Matter</p>				
1.0	<p>Budgetary Control and Performance</p> <p>1.1 Revenue</p> <p>The statement of comparison and actual amounts indicates that the Fund's revenue budget for the year under review amounted to Kshs.27,980,566,000 and actual revenue Kshs.20,524,649,681 resulting to a shortfall of Kshs.7,455,916,319 or 27% of the revenue budget.</p> <p>Management attributed the revenue shortfall to reduced economic activities in the third and fourth quarters of the financial year due to effects of the Covid-19 pandemic. The significant revenue shortfall totalling to Kshs.7,455,916,319 implied that funding for programmes and activities planned for the year may have been constrained.</p> <p>1.2 Expenditure</p> <p>The statement of comparison of budget and actual amounts further indicates that the Fund had budgeted to spend Kshs.7,222,469,000 in the year under review but spent Kshs.5,942,306,669 resulting to an under-expenditure of Kshs.1,280,162,331 as tabulated in the following table:</p>		GM, Finance & Investments		31 December 2022

	Other Matter																																						
1.0	<table><thead><tr><th></th><th>Item</th><th>Budget Kshs.</th><th>Actual Kshs.</th><th>Over/ Under (-) Kshs.</th><th>Over/ Under (-) %</th></tr></thead><tbody><tr><td>1</td><td>Staff Costs</td><td>4,663,192,000</td><td>3,820,005,857</td><td>(843,186,143)</td><td>18</td></tr><tr><td>2</td><td>General Administrative Costs</td><td>1,812,777,000</td><td>1,570,733,413</td><td>(242,043,587)</td><td>13</td></tr><tr><td>3</td><td>Investment Management Expenses</td><td>746,500,000</td><td>534,883,716</td><td>(211,616,284)</td><td>28</td></tr><tr><td>4</td><td>Total</td><td>7,222,469,000</td><td>5,925,622</td><td>(1,296,846,014)</td><td>18</td></tr></tbody></table> <p>Management explained that the under-expenditure totalling Kshs.843,186,143 incurred on staff costs resulted from delays in recruitment of senior management and in implementation of a Collective Bargaining Agreement (CBA) signed with staff, and delay in effecting inflation adjustments on employee emoluments.</p> <p>The variance in investment management expenses amounting to Kshs.211,616,284 or 28% was explained as having been occasioned by low activity in the money and capital markets.</p> <p>The under-expenditure totalling Kshs.1,296,846,014 implied that the Fund may have scaled down on implementation of the programmes and activities planned for the year and therefore, some of the Fund's goals and objectives set for the year may not have been achieved.</p>						Item	Budget Kshs.	Actual Kshs.	Over/ Under (-) Kshs.	Over/ Under (-) %	1	Staff Costs	4,663,192,000	3,820,005,857	(843,186,143)	18	2	General Administrative Costs	1,812,777,000	1,570,733,413	(242,043,587)	13	3	Investment Management Expenses	746,500,000	534,883,716	(211,616,284)	28	4	Total	7,222,469,000	5,925,622	(1,296,846,014)	18		GM, Finance & Investments		31 December 2022
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4	Total	7,222,469,000	5,925,622	(1,296,846,014)	18																																		
2.0	<p>Prior Year Issues</p> <p>The audit report for the year ended 30 June 2019 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance.</p> <p>The report of Management on progress made in resolving the issues indicates that activities intended to resolve some of the issues were ongoing as at 30 June, 2020. However, the report does not provide disclosures on several issues raised in the audit report.</p>						GM, Finance & Investments		31 December 2022																														
	Basis for Conclusion																																						
1.0	<p>Non-Performing Investment Property</p> <p>Fixed assets records indicated that among the properties owned by the Fund as at 30 June, 2020 was Hazina Plaza-Polana Mombasa which, as indicated at Note 29 to the financial statements, had a net book value of Kshs.530,000,000. The records indicated that the property was purchased in October, 1994 at Kshs.450,000,000 on a sale-and-lease basis but had since been revalued. It was first leased to M/s. Azania Hotels Limited for use as a hotel which, however, closed in April 2001 while indebted to the Fund for rent arrears totalling Kshs.239,500,000. A private investigator was engaged to trace assets held by M/s Azania Hotels Limited or its Directors with a view to suing for their disposal. Case HCC No.59A of 2004 was thereafter filed in Mombasa to recover the arrears. However, in the year under review, Management did not provide an update on the matter and as a result, it was not possible to confirm whether the arrears were recovered.</p> <p>The records indicated that in April 2010, the Board of Trustees approved lease of the property to Techno Holdings Limited for a period of 10 years, but the tenant defaulted on rent totalling Kshs.23,490,800. The Fund sued for recovery of the amount and sought authority of the Court to cancel the tenancy but sub-tenants at the property demanded compensation for expenditures totalling Kshs.123,000,000 they claimed to have spent on refurbishments and renovations of the property.</p>						Manager, Property Management		31 December 2022																														

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.0	<p>The Court on 18 March 2019 allowed the Fund to evict the lessee and the sub-tenants who thereafter reportedly removed furniture and décor items they claimed to own. As a result, the property was reportedly left in a rundown condition. It is not certain whether Management has taken legal action against the evictees.</p> <p>In view of the foregoing, the Fund may not have obtained value for money from its investment in the property that cost Kshs.450,000,000 in 1994. Further, the recurrent rent arrears imply that the Fund may not have managed the investment in a prudent manner.</p>		Manager, Property Management		31 December 2022
2.0	<p>Status of Hazina Trade Centre Construction Project</p> <p>Records provided for audit indicated that construction works on Hazina Trade Centre in Nairobi Central Business District continued in the year under review. The project entailed the elevation of the existing building into a 36-floor tower and was awarded to M/S China Jiangxi. The project was later scaled down to 15 (fifteen) floors at a reduced contract sum of Kshs.4,095,862,434 out of an original contract prize of Kshs.6,715,218,218. Therefore, the scope of works was reduced by 21 floors equivalent to 58% of the original contract whereas the cost was reduced by Kshs.2,619,355,754 or 39%. The aim of reduction in floors was to satisfy the Council's requirements of tenable 15 floors, otherwise NSSF would have had to look for parking space elsewhere.</p> <p>The project had a number of completion date extensions with the most recent set for December 2020 which however, lapsed before the works were completed. As at the time of audit, eleven (11) certificates valued at Kshs.3,704,883,770 in aggregate, or 83% of contract sum, had been paid. However, physical inspection of the project indicated that the works were only eighty percent (80%) complete. There is therefore, the risk of the project exceeding its budgeted cost amounting to Kshs.4,095,862,434.</p> <p>Further review of the project's records indicated that the contractor filed compensation claims valued at Kshs.871,697,124 citing idle time arising from work stoppages. Expenditure records indicated that payments totalling Kshs.653,772,843 were made in respect of the claim. However, except for stalling of construction works on 1 September, 2014 upto 14 March, 2018 because the tenants, Nakumatt Holdings Limited, who were occupying basement four (4) to mezzanine floors, had obtained a court injunction that stopped strengthening of columns within spaces they occupied, no other explanations were provided by Management for the stoppages which resulted in ineffective use of public resources.</p> <p>Consequently, value for money could not be confirmed with regard to the variation in prices as a result of the reduction in floors, and the work stoppage excess payment totalling Kshs.653,772,843 to the contractor.</p>		Manager, Property Development		
3.0	<p>Ineffective Management of Debtors and Investments</p> <p>Examination of debtor and investments records indicated that the Fund had, over the years, incurred losses on receivables (debtors) and investments. For instance, Note 23 to the financial statements reflects receivables and prepayments totalling Kshs.3,793,927,167 which include long outstanding debts totalling Kshs.28,720,772, that had, as at 30 June, 2020, remained unpaid for more than ten (10) years. In addition provisions made for bad and doubtful debts amounted to Kshs.105,102,269.</p> <p>Similarly, the statement of net assets available for benefits reflects corporate bonds totalling Kshs.1,399,604,882 which Note 20 to the financial statements indicates is net of doubtful bonds provisions totalling Kshs.666,900,000 made in respect of FXD Chase Bank 2015 bonds at Kshs.534,700,000 and Imperial Bank 5.25-year FXD bonds at Kshs.132,200,000.</p> <p>The loss provisions totalling Kshs.772,002,269 and the losses incurred on the leased-out property cited in this report suggest that the Fund's debt management and investment policies may not be properly established to attain fair returns on contributors' funds.</p>		GM, Finance & Investments		

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