



MASENO UNIVERSITY RETIREMENT BENEFITS SCHEME

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2025



35
YEARS
of
Dedicated Service

**Maseno University Retirement Benefits Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

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Vision

Providing excellent retirement benefits to members

Mission

To provide outstanding reputable benefits to members through maximization of returns, prudent management of risks and enhanced member communication

Core values

Accountability & Transparency

Integrity

Performance

Teamwork

Excellence

Maseno University Retirement Benefits Scheme
Scheme Information
For the Year Ended 30 June 2025

TRUSTEES	Dr. Joshua Were Prof. Julius O. Nyabundi Prof. Charles O. Ochola Dr. Matilda C. Sang Mr. Ponyochi Kunyobo Prof. Susan M. Kilonzo Mr. Stephen Lenyangume Ms. Cynthia M. Afandi Prof. Mary J. Kipsat Dr. Beverlyne A. Ambuyo Mrs. Dorcas R. Nyawade	: Member-elected - Chairman : Sponsor nominated : Sponsor nominated - Nominated on 23rd June 2025 : Sponsor nominated : Sponsor nominated : Member-elected - Elected on 9th June 2025 : Member-elected : Member-elected - Elected on 9th June 2025 : Sponsor nominated - Left on 14th July 2024 : Member-elected - End of term - 9th June 2025 : Member-elected - End of term - 9th June 2025
REGISTERED OFFICE	MURBS Building Makasembo Road P O Box 9268 - 40141 KISUMU	
INVESTMENT MANAGERS	GenAfrica Asset Managers Limited 1st Floor, Arlington Block 14 Riverside Business Park P O Box 79217 - 00200 NAIROBI Sanlam Investments East Africa Limited 5th Floor, Africa Re Centre Hospital Road, Upper Hill P O Box 67262 - 00200 NAIROBI Investcent Investment Bank 6th Floor, The Address Muthangari Drive P O Box 19445 - 00202 NAIROBI	
CUSTODIAN	Standard Chartered Bank Kenya Limited 48 Westlands Road P O Box 40984 - 00100 NAIROBI	
BANKERS	Standard Chartered Bank Kenya Limited Chiromo Branch P O Box 40984 - 00100 NAIROBI	National Bank of Kenya Kisumu Branch P O Box 1152 - 40100 KISUMU
LEGAL ADVISOR	P. D. Onyango & Company Advocates P O Box 1419 - 40100 KISUMU	
INDEPENDENT AUDITOR	VCK Auditors & Consultants Certified Public Accountants Bishop Road, Fort Granite Flats, A6 P O Box 45481 - 00100 NAIROBI	
SPONSOR	Maseno University Private Bag MASENO	
REGULATOR	Retirement Benefits Authority P O Box 57733 - 00200 NAIROBI	

**Maseno University Retirement Benefits Scheme
Chairman's Report
For the Year Ended 30 June 2025**

Introduction

I would like to extend a warm welcome to all of you to this year's Annual General Meeting (AGM). This is also a celebratory AGM as the Scheme marks 35 years of dedicated service to members. It is indeed an honor to stand in front of you, having been elected by my fellow Trustees to serve as the Chairman, Board of Trustees.

Allow me to present the Annual Report and Financial Statements for the financial year ended 30th June, 2025.

Economic Outlook

The outlook for 2024/2025 was significantly brighter than 2023/2024 thanks to prudent policy actions, improved weather conditions, and regained international confidence. The economy is set on a path of moderate but steady growth, lower inflation, and gradual fiscal reforms.

Overall inflation rate averaged 3.8% as at June 2025 compared to 4.6% as at June 2024. GDP growth has moved from 5.0% in 2023 to around 5.6% in 2024 and soared to 6% in 2025.

Scheme Financial Performance

The Scheme fund value grew by 28% in the financial year ended 30th June 2025 to close at Kshs. 6,764,711,802 (2024: Kshs. 5,268,062,805). This remains a solid testimony that the Board's strategy is working.

The Scheme's gross earnings for the financial year ended 30th June 2025 increased by an impressive 140% to Kshs.1,444,697,735 (2024: Kshs.600,215,350). This represents a gross return of 27% (2024: 13.4%). This is indeed a historic return!

Having implemented legal notices no. 18-22 of 2024, the net return declared and credited to members' accounts excludes unrealized gains arising from changes in the value of debt instruments (bonds) held by the Scheme. The unrealized gains on bonds in the year ended 30th June 2025 were Kshs.400,937,110. The Scheme earnings after tax increased by 95% to Kshs. 876,073,969 (2024: Kshs. 448,634,985), representing a remarkable return of 16.6% (2024: 10.1 %), despite this amount not being distributed.

Trustees in the financial year ended 30th June 2025 resolved to distribute 16% (2024: 9%) to members as interest and maintain a general reserve of 2% (2024: 2%).

The performance and growth of the fund is attributed to high returns from fixed income investments i.e. treasury bonds and fixed deposits that were bought at high interest rates. The Scheme's fixed income portfolio is over 80% of Scheme assets, as Trustees maintain a conservative portfolio. Although the Scheme's equity portfolio was maintained at 5%, the equity market also contributed to this performance with the Scheme recording positive valuations at the end of June 2025.

We also recognize the immense contribution of our two Sponsors, Maseno and Tom Mboya Universities. It is my pleasure to report that both Maseno and Tom Mboya University remitted all contributions due in the financial year. The Scheme also received pension arrears from the 2021 – 2025 staff collective bargaining agreement. Both Sponsors are currently up-to-date on remittances and we commend them for prioritizing this.

As we continue monitoring our investments closely to ensure maximized returns, we would like to inform members that the Scheme is yet to dispose off the MURBS Hostel property. However, Trustees are still making concerted efforts to ensure the sale happens within the current financial year.

Maseno University Retirement Benefits Scheme
Chairman's Report....cont'd
For the Year Ended 30 June 2025

Administration Report

As earlier reported, remittances from both Maseno and Tom Mboya Universities were up-to-date as at 30th June, 2025. During the financial year, the Scheme received contributions amounting to Kshs. 402,034,276 from the two Sponsors.

The Scheme receives and administers NSSF Tier II contributions, as a registered contracted-out scheme under the NSSF Act, 2013. A total of Kshs.54,624,914 was received in the financial year ended 30th June 2025 (2024: Kshs.24,364,200).

During the financial year, the Scheme noted a marked improvement of participation by members in both Additional Voluntary Contributions (AVC) and Post-Retirement Medical Scheme (PRMS). There was an increase of 34% in AVC. On the other hand, PRMS Contributions grew by 132%. These increases allow members to enjoy tax incentives introduced on pension funds. Additionally, we also recorded an increase of 450% in the amount of transfers-in made by members into the Scheme from other pension funds.

Benefits paid out of the Scheme to leavers in the year decreased marginally by 4% as the Scheme paid Kshs.199,245,167 (2024: Kshs.206,937,258).

Investment management expenses increased by 53% in 2025 compared to 2024. This increment is attributed to costs of managing a growing fund. Trustees in the year also engaged a new fund manager to invest under a specialized mandate.

Administrative expenses increased slightly by 3%. These relate to both compliance and operational costs. Trustees also retreated in the year to undertake a mid-term review of the 2022-2027 Strategic Plan.

Scheme membership as at 30th June 2025 stood at 1,322 (2024: 1,324) representing active and deferred members of both Maseno and Tom Mboya Universities. Maseno University had 950 active members while Tom Mboya University 74. Deferred members were 298 cumulatively as at 30th June 2025.

We continue to urge members to utilize the Scheme's online platforms to keep abreast of Scheme matters. Members can view their updated statements of account online by visiting the 'member portal' on the Scheme's website www.masenorbs.or.ke. Members can also access their records through the MURBS Member Portal Application downloadable on the Google Play Store.

Pension's Regulatory Environment

In the financial year ended 30th June 2025, the pension industry and members garnered major victories in the areas of legislative changes, especially relating to taxation of pension savings. The Income Tax Act was amended in December 2024 and introduced the following changes;

- a) Tax deductible contributions in Schemes has been increased to Kshs. 30,000 from Kshs. 20,000 per month; going to Kshs. 360,000 annually from Kshs. 240,000;
- b) Post-Retirement Medical Scheme contributions tax deductible amount has been set at Kshs. 15,000;
- c) Members will now enjoy tax free benefits when they access benefits:
 - i. At the prescribed retirement age;
 - ii. After 20 years of membership;
 - iii. On retirement due to ill-health;

In July 2025, the Regulator gazetted increase of term of office of Trustees from three (3) years to five (5) years. This is aimed at balancing corporate governance with continuity in leadership by allowing Trustees adequate time to implement strategy for longevity and sustainability.

Maseno University Retirement Benefits Scheme
Chairman's Report....cont'd
For the Year Ended 30 June 2025

Scheme Governance

We continue to witness great efforts made in aligning with best practices in the areas of governance and investments.

Board of Trustees 2025 – We successfully installed a new Board in office in July 2025 following Trustee elections held in June and July 2025. I am glad to report that Prof. Susan M. Kilonzo, a new addition to the team and myself, a re-elected member, are the new representatives of the academic staff. Mr. Stephen Lenyangume was also re-elected to represent administrative staff alongside Ms. Cynthia M. Afandi, another new addition to the team.

We are also glad to report that Prof. Charles O. Ochola, Vice Chancellor, Tom Mboya University is now a Sponsor-nominated Trustee in the MURBS Board. Prof. Ochola was nominated to serve as a way of introducing representation of Tom Mboya University in the Board, the University having joined the fund in 2018. Maseno University ceded one slot in their assigned number, for a Sponsor-nominated Trustee from Tom Mboya University to serve in the Board.

I would like to take this opportunity to commend the efforts of the outgoing members who served the Scheme diligently for the past 6 years. To Dr. Beverlyne A. Ambuyo, the former Board chair and Mrs. Dorcas R. Nyawade, we acknowledge your dedication that saw the fund cross the Kshs.6 Billion mark.

ISO 9001:2015 Certification – We are glad to report that the Scheme is now ISO 9001:2015 certified. The Scheme received the certification from the Kenya Bureau of Standards (KEBS) on 26th May 2025 after a rigorous systems audit process. This certification is testament to a culture built over the years in the provision of quality service to members.

Mid-Term Review of Strategic Plan - Trustees retreated to undertake a mid-term review of the 2022-2027 Strategic Plan. The Board was reminded of the 3 pillars that the strategy rides on; Asset Management, Member Service and Resilience. The Scheme is indeed on the right path to surpass its strategic fund value target of Kshs. 8 Billion by 2027.

Board Evaluation - Following an evaluation exercise, the Board of Trustees received an excellent performance rating. This is a confirmation of the sound governance systems placed in managing the Scheme.

Investments – In December 2024, Trustees engaged a 3rd Fund Manager, Investcent Investment Bank to manage 10% of the fund under a specialized mandate focused on government bonds. This strategy has so far worked as they have provided excellent returns in the 6 months of their engagement. The bond portfolio remains the largest asset holding and Trustees seek to ensure maximized returns.

Corporate Social Responsibility (CSR)

Scheme Trust Fund – The Scheme administers a Trust Fund for school-going beneficiaries of deceased members of staff.

The Scheme has also embarked on initiatives to give back to surrounding communities as part of good corporate citizenship.

Solar Usage – In our campaign to go green, the Scheme implemented usage of solar energy which has cut electricity costs by upto 60% with savings being reinvested for member benefits.

**Maseno University Retirement Benefits Scheme
Chairman's Report.....cont'd
For the Year Ended 30 June 2025**

Appreciation

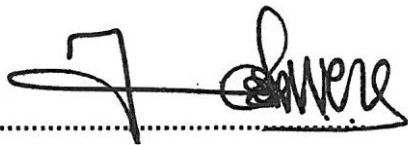
As we celebrate 35 years, I reflect with gratitude on the legacy built by MURBS. This legacy is founded on the core values that the Scheme has held true all those years; Accountability & Transparency, Performance, Excellence, Integrity and Teamwork.

I wish to appreciate, immensely, the Councils and Management of both Maseno and Tom Mboya Universities. Many public sector pension schemes are reeling under the weight of unremitted pension deductions. We stand counted among the few public universities that remain up-to-date on pension remittances.

To the Scheme Secretariat, Service Providers and the industry regulator, RBA; thank you for your dedication and unwavering service to MURBS.

As we write the history of the Scheme, I thank the entire Scheme membership for your involvement, feedback and demand for accountability which has been central to our progress.

Finally, I express my heartfelt thanks to my fellow Board members for entrusting me with the great honor to serve as Chairman. Let us carry on with the vision, collaboration and foresight that has defined this Scheme over the last 35 years.



Dr. Joshua Were

Chairman, Board of Trustees

Dated: 30 SEPTEMBER 2025



Maseno University Retirement Benefits Scheme
Report of the Trustees
For the Year Ended 30 June 2025

The Trustees present their report and the audited financial statements for the year ended 30 June 2025 which disclose the state of affairs of the Scheme.

1 Establishment, nature and purpose of the Scheme

Maseno University Retirement Benefits Scheme was established under an irrevocable trust as a defined benefit scheme. The Scheme commenced on 1st September 1990 and is governed by an Original Trust Deed and Rules dated 1st September 1990 as subsequently amended.

The Scheme was later converted to a defined contribution scheme with effect from 1st July 2004 with the defined benefits section being closed except for the existing pensioners and beneficiaries. The defined contribution section had a defined benefit (DB) underpin until 27nd May 2015 when the Scheme converted to a purely defined contribution scheme.

The main purpose of the Scheme is the provision of pension and other retirement benefits for members upon retirement from the founder's service and relief for the dependants of deceased Members in accordance with the provisions of the trust deed and rules.

The Scheme is an exempt approved plan with Income Tax Reference No. 92291B/2102 and Tax Exemption Serial No. 00939 under the Income Tax Act and is also registered with the Retirement Benefits Authority under Scheme Reference No. 097 and Certificate No. 0730.

2 Contributions

Members contribute to the Scheme at the rate of 10% of their basic salaries while the Sponsor contributes at the rate of 20% of the members' basic salaries. In addition, members are allowed to make additional voluntary contributions. Contributions are remitted monthly.

The Scheme is registered under Contracting Out Certificate No. RBA/COC/0735 (Maseno University effective 14th October 2024) and Certificate No. RBA/COC/0803 (Tom Mboya University effective 2nd January 2024) to receive Tier II contributions subject to the provisions of the NSSF Act No. 45 of 2013 and subsequent NSSF (Contracting Out by Employers) Regulations, 2014.

3 Sponsors

The Scheme has two sponsors, namely:

- Maseno University and
- Tom Mboya University

4 Membership

Full time permanent employees of the Sponsors are eligible to join the Scheme.

The movement in membership of the Scheme during the year was as follows:

	2025 Members	2024 Members
Contributing Members		
Active members		
At start of year	1,038	1,068
Joiners	35	31
Leavers - see (a) below	(49)	(61)
At end of year	1,024	1,038
Deferred members		
At start of year	286	259
Cases in the year	12	27
At end of year	298	286
Total Scheme Members	1,322	1,324
a) Leavers		
Resigned	31	34
Retired with pension	15	24
Death	3	3
	49	61

Maseno University Retirement Benefits Scheme
Report of the Trustees....cont'd
For the Year Ended 30 June 2025

4 Financial review

The Statement of Changes in Net Assets Available for Benefits on page 20 shows an increase for the year of Kshs.1,488,018,265 (2024:Kshs.608,368,515) and the Statement of Net Assets Available for Benefits on page 21 shows net assets of Kshs.6,764,711,802 (2024: Kshs.5,268,062,808).The significant increase is attributable to better interest rates in fixed income assets and positive fair value of financial assets. The Scheme earned a total net rate of return of 26% for the year (2024 : 10.11%).

However, the net rate of return to be credited to the members' accounts for the year was 16% (2024 : 9%). The net rate of return credited to the members' accounts excludes unrealised gains and losses (changes in fair value) arising from the valuation of financial assets (specifically debt instruments/bonds) at fair value as provided in The Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2023.

5 Investment of funds

Standard Chartered Kenya Limited are the appointed Scheme custodian while GenAfrica Asset Managers Limited, Sanlam Investments East Africa Limited and Investcent Investment Bank are the appointed investment managers.

Under the terms of their appointment, GenAfrica Asset Managers Limited, Sanlam Investments East Africa Limited and Investcent Investment Bank are responsible for investment of the funds under segregated arrangement. However, the overall responsibility for investment and performance lies with the Trustees.

We confirm that the Scheme's assets have not been used as security or collateral on behalf of the employer or any connected business or individual.

The full investment allocation as at year end was as follows:

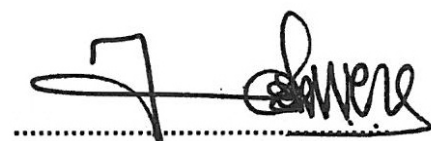
Investment Portfolio	FY 2025		FY 2024		RBA
	Amount (Kshs)	Percentage (%) of Portfolio	Amount (Kshs)	Percentage (%) of Portfolio	Percentage (%) RBA Limits
Cash at bank	12,189,560	0.18%	2,624,694	0.48%	5%
Fixed and call deposits	154,330,991	2.29%	254,182,688	6.75%	30%
Corporate bonds	11,928,173	0.18%	11,927,180	0.26%	20%
Kenya government securities (Treasury bonds and bills)	5,760,102,567	85.57%	4,265,903,658	76.07%	90%
Listed local and regional equities	347,588,175	5.16%	282,698,803	5.96%	70%
Unlisted equities	1,872,000	0.03%	1,872,000	0.04%	5%
Offshore investments	747,546	0.01%	3,621,022	0.07%	15%
Investment property	442,500,000	6.57%	425,000,000	10.37%	30%
	6,731,259,012	100%	5,247,830,044	100%	

6 Interest on Member balances

The Trustees recommend crediting of 16% (2024: 9%) interest on Members' balance.

7 Independent Auditor

VCK Auditors & Consultants, Certified Public Accountants, have expressed their willingness to continue in office.



Dr. Joshua Were
Chairman, Board of Trustees

Dated: 30-9- 2025

**Maseno University Retirement Benefits Scheme
Scheme Governance Disclosure Statement
For the Year Ended 30 June 2025**

Board Structure and Composition

The Board's size and composition is guided by the Retirement Benefits (Occupation Retirement Benefits Schemes) Regulations 2000, which states that a defined contribution scheme shall have a minimum of four (4) trustees and not more than nine (9) trustees, representing both members and sponsors.

In compliance with this requirement, and in accordance with the Trust Deed and Rules, the Board is composed of eight (8) trustees, four (4) represent the sponsor and the other four (4) represent members.

Board Remuneration

The Board and its committees meet regularly in accordance with the annual board workplan and at least quarterly in a year. It regularly reviews reports on progress against financial objectives and stakeholder relations.

Board Committees

The Board has a structured system of operation made up of committees established to assist it in discharging its responsibilities and obligations. It delegates specific functions to selected committees with defined formal terms of reference, without abdicating its ultimate responsibility. The terms of reference clearly identify matters reserved for the Board and Committee for decisions.

The membership and chairmanship of these committees are regularly reviewed by the Board which is responsible for filling any vacancies. The Board is cognisant that members collectively have sufficient qualifications and experience to fulfil their duties within respective committees. The committees appraise the Board of their activities on a quarterly basis through oral and/or written reports.

During the year ended 30 June 2025, the Board had three (3) committees as follows:-

Audit and Risk Management Committee

The mandate of this Committee include but is not limited to:-

- Meeting with external and internal auditors on the nature, scope and priorities of audits and the major findings
- Meeting with external and internal auditors on the nature, scope and priorities of audits and the major findings of audits.
- Monitoring and reviewing the integrity of the Scheme's financial statements.
- Making recommendations to the Board on business risks, internal controls and compliance.
- Reviewing the effectiveness and reliability of management information systems, risk and internal controls systems and the efficiency and effectiveness of both external and internal audit.
- Advising the Board on issues pertaining to the appointment, remuneration, resignation and dismissal of auditor.

Finance, Investment and Custody Committee

The mandate of this Committee include but is not limited to:

- Meeting with investment managers, custodians and with the administrator.
- Overseeing the investment management function of the Scheme.
- Monitoring the implementation of the Scheme's investment strategies.
- Making recommendations to the Board on proposed new investments and capital developments.
- Advising the Board on appointment of investment managers, custodians and bankers and monitor and evaluate performance of these service providers.

Governance and Administration Committee

The mandate of this Committee includes but is not limited to:

- Oversee the governance, compliance and communication function of the Scheme.
- Responsible for staff and operational policies in order to align the Scheme's operations with best practice.
- Orientation and induction of new Trustees including training and development of Board of Trustees.

Board Elections

The Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2025 requires that election of Trustees is conducted every five years.

Statement of Compliance and Conflict of Interest

Conscious of its responsibilities to members, service providers, suppliers, creditors, employees and society, the Board issues a compliance statement at the end of every year confirming that it has complied with the law, conducted their affairs in accordance with the best principle and practices of corporate governance and that to the best of its knowledge, no person, employee or agent acting on behalf of the Scheme with the knowledge or authority of the Board, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Scheme's business, or had been involved in money laundering, or any practice or activity contrary to national laws or international conventions. The Trustees also submit declaration of conflict of interest during Committee and Board meetings.

Code of Conduct

Each Trustee derives his or her authority and position from a legitimate nomination procedure. However, on becoming a Trustee, each Trustee becomes bound by the overriding fiduciary duty to act in good faith in the pursuit of the best interests of members of the Scheme as a whole. In the discharge of their duties, Trustees operate within the framework of a collective Board. In order to enable the Board to operate effectively and in the best interests of the Scheme, all Trustees observe rules and regulations governing the Conduct of Trustees as contained in the Board Charter.

Board Induction Programs & Training

Each Trustee on appointment is provided with sufficient information to enable him/her perform his/her roles. Induction of newly-appointed Trustees is organized by the Trust Secretary. The Board ensures that all Trustees keep abreast of both practical and theoretical developments, and that their expertise is constantly relevant.

Every year the Trust Secretary in liaison with the Board carries out a Trustees training needs analysis and prepares a training calendar which is implemented during the year.

In addition, the Kenya Gazette Supplement No. 44 under legal notice No.74 of 2008 introduced mandatory certification of Trustees as part of the increasing and progressive regulation of Trustees in the Kenya Retirement Benefits Sector. Board of Trustees has since been required to have all members of the Board vetted by Retirement Benefits Authority to provide Trust Services. It is confirmed that all the Board Members of Maseno University Retirement Benefits Scheme are duly trained and Certified except for the 3 new Trustees.

**Maseno University Retirement Benefits Scheme
Scheme Governance Disclosure Statement..cont'd.
For the Year Ended 30 June 2025**

1. Trustees in office

For the financial year ended 30th June 2025, the following were the Trustees in Office: -

Name	Age	Categorisation of trustee (member elected /sponsor nominated)	No of Meetings attended	Certified (Yes/No)	Academic Qualifications	Membership in other boards
Dr. Joshua Were	Above 35	Member-elected	6	Yes	Doctor of Philosophy	None
Dr. Matilda C. Sang	Above 35	Sponsor nominated	6	Yes	Doctor of Philosophy	None
Mr. Ponyochi Kunyobo	Above 35	Sponsor nominated	6	Yes	Masters	None
Prof. Julius O. Nyabundi	Above 35	Sponsor nominated	4	Yes	Doctor of Philosophy	KNEC
Prof. Charles O. Ochola	Above 35	Sponsor nominated	-	No	Doctor of Philosophy	None
Prof. Susan M. Kilonzo	Above 35	Member-elected	-	No	Doctor of Philosophy	None
Mr. Stephen Lenyangume	Above 35	Member-elected	6	Yes	CPA Part 1	None
Ms.Cynthia M. Afandi	Above 35	Member-elected	-	No	O-Level	None

2. Board of Trustees' meetings held during the Financial Year

The Board of Trustees held six (6) meetings during the year ended 30 June 2025. The meetings were held on the dates set hereunder:

- a) Monday 23 September 2024
- b) Thursday 7 November 2024
- c) Friday 22 November 2024
- d) Friday 7 March 2025
- e) Tuesday 20 May 2025
- f) Tuesday 3 June 2025

3. Composition of Board of Trustees

The composition of the Board of Trustees is as hereunder:-

Gender balance	:	Female ...38%... Male ...62%...
Skills mix	:	No. of trustees with financial skills: ...8...
Age Mix	:	No. of Trustees 35 years and below: Nil
	:	No. of Trustees above 35 years: 8

4. Committees of the Board

The Board had the following standing Committees in the year under review:

1. Audit and Risk Management Committee

- | | |
|---------------------------|---------------|
| a. Ms. Cynthia M. Afandi | - Chairperson |
| b. Dr. Matilda C. Sang | - Member |
| c. Prof. Susan M. Kilonzo | - Member |

2. Governance and Administration Committee

- | | |
|----------------------------|---------------|
| a. Prof. Susan M. Kilonzo | - Chairperson |
| b. Prof. Charles O. Ochola | - Member |
| c. Mr. Stephen Lenyangume | - Member |
| d. Ms. Cynthia M. Afandi | - Member |

3. Finance, Investment and Custody Committee

- | | |
|-----------------------------|------------|
| a. Mr. Stephen Lenyangume | - Chairman |
| b. Prof. Julius O. Nyabundi | - Member |
| c. Mr. Ponyochi Kunyobo | - Member |

5. Fiduciary Responsibility Statement

The Board of Trustees is the governing body for the **Maseno University Retirement Benefits Scheme** and is responsible for corporate governance of the Scheme. The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interest of its members and the sponsors. To achieve this, the Trustees embraced their fiduciary responsibility by:

- a. Acting honestly and not improperly use insider information or abuse their position;
- b. Exercising the highest degree of care and diligence in the performance of their duties that a reasonable individual in a like position would exercise in these circumstances; and
- c. Performing their duties with the requisite degree of skill.

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

The Trustees have ensured that the fund managers have carried out all Scheme investments and that all the assets and funds are held by the Custodian.

The Board has developed various policies in compliance with the Good Governance Guidelines.

6. Responsible Corporate Citizenship

The Scheme has participated in socially responsible investments and operations and has not been involved in activities that may undermine the wellbeing of the sponsors, members and the community in which it operates.

7. Key outcomes:

The Board of Trustees aim to:

- a) Build trust with members and the sponsors by ensuring effective and accountable Scheme administration
- b) Promote innovation and implement solutions that address the evolving needs of members and the sponsors; and
- c) Ensure that Scheme administrative processes remain transparent and accessible to members and the sponsors.

The Board of Trustees will endeavor to measure the progress towards these outcomes through:

- a) Member Satisfaction Index - Derived from results of the independent triennial Member satisfaction survey.
- b) Sharing of regular operational and performance reports with the Sponsor.

8. Annual General Meeting

The Board of Trustees held its annual general meeting on Wednesday 27 November 2024 with an attendance of 935 Members, representing a 71% of the total membership. The Board adequately addressed the Members' concerns.

9. Member Sensitization

During the year under review, the Scheme conducted 3 member-sensitization sessions attended by 466 members broken down as follows;

Name of sensitization forum	Date held	Mode	Members sensitized
Pre-Retirement Training Seminar (Above 55 Years)	Friday 18th October, 2024	Physical	47
Member Education Seminar (Maseno University)	Friday 28th February, 2025	Hybrid	362
Member Education Seminar (Tom Mboya University)	Wednesday 5th March, 2025	Physical	57

10. Trustees Remuneration Policy

During the year under review, Trustees remuneration was a gross sum of Kshs.5,259,775. This amount complied with the Trustees Remuneration Policy of the Scheme which was approved by Members at the Annual General Meeting held on the 27 November 2024.

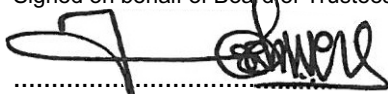
11. Board and Trustee Evaluation

The Board and individual Trustees undertook an evaluation in the year under review. The review process was externally facilitated by Saguro Limited and the process took the form of a questionnaire. The questionnaire was self-administered and contained the following 7 categories;

- a) Evaluation of Board Governance;
- b) Evaluation of Board Performance;
- c) Evaluation of Board Strategic Oversight;
- d) Evaluation of Board Composition.
- e) Evaluation of Board Accountability.
- f) Evaluation of Board Dynamics.
- g) Evaluation of Board Succession Planning.

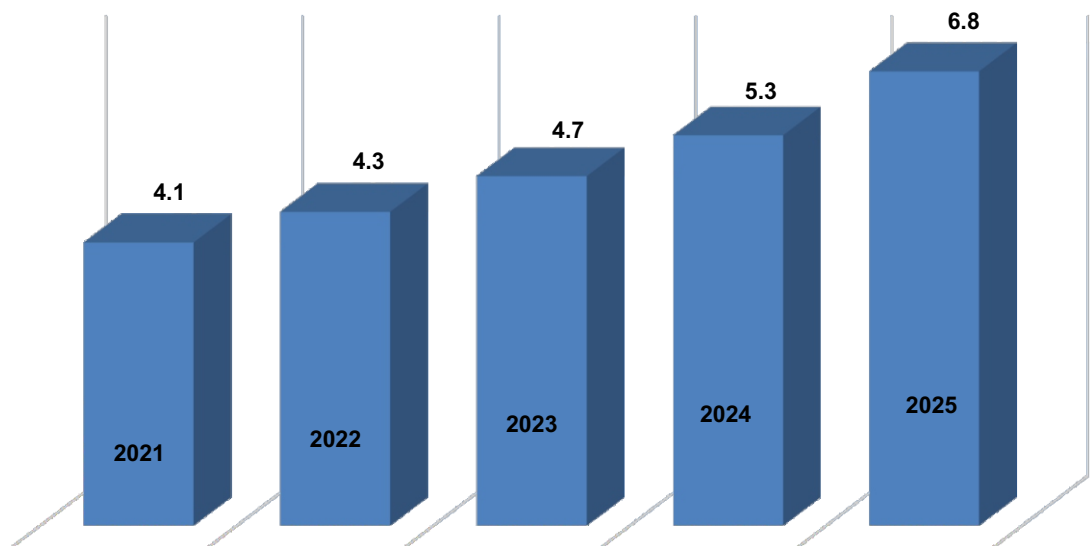
The Board was evaluated as a high-performing governance body .

Signed on behalf of Board of Trustees on..... 30-SEP- 2025

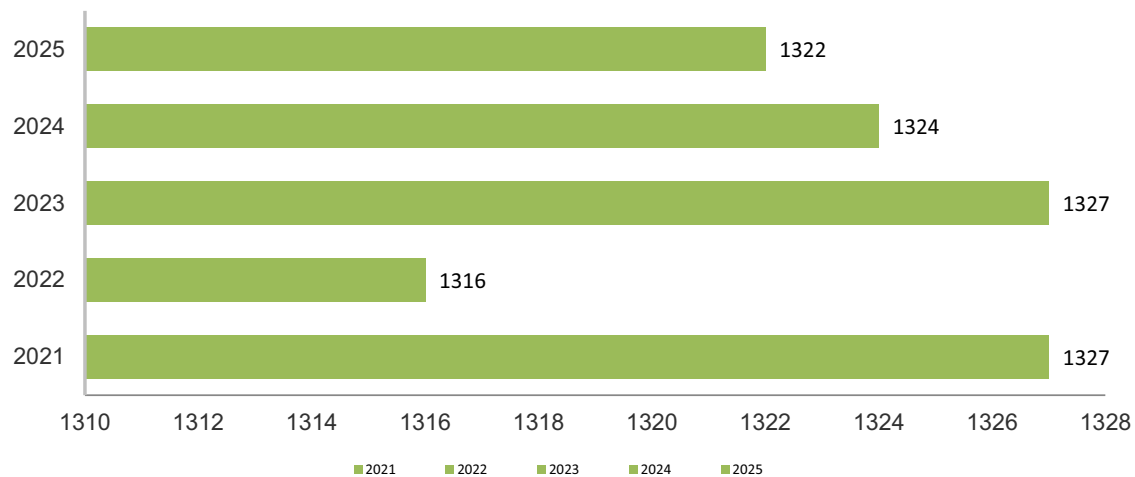


Dr. Joshua Were
Chairman, Board of Trustees

A) Scheme Growth (Fund value over 5 years) Kshs.Billions

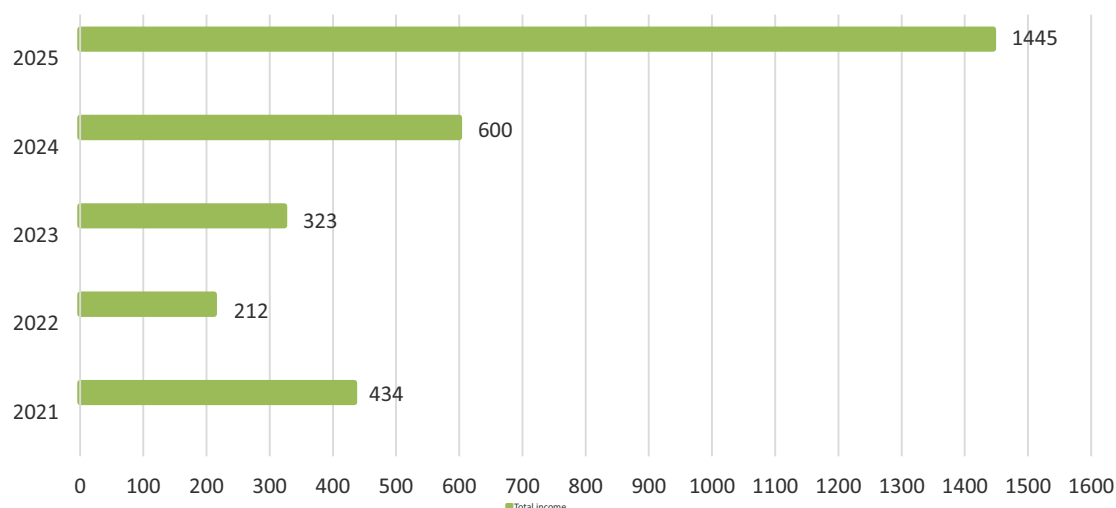


B) Scheme' Membership

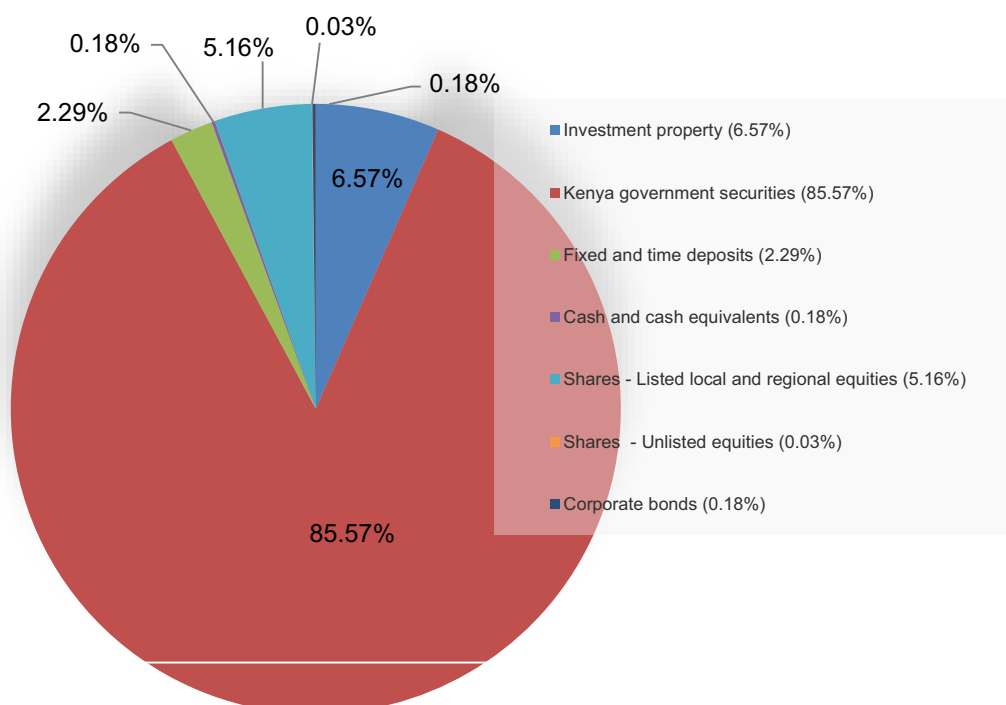


Maseno University Retirement Benefits Scheme
Summary of Scheme Performance
For the Year Ended 30 June 2025

C) Scheme' Financial Performance - Total income Kshs. Millions



D) Scheme' Asset (Portfolio) Allocation 2025



Maseno University Retirement Benefits Scheme
Statement of Trustees' Responsibilities
For the year ended 30 June 2025

The Retirement Benefits Act requires the Trustees to prepare financial statements in respect of the scheme, which give a true and fair view of the state of affairs of the Scheme at the end of the financial year and the operating results of the Scheme for that year. The Trustees are also required to:

- a) Ensure that the scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the scheme
- b) Safeguard the assets of the scheme

The Trustees are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended 30 June 2025. 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 Scheme;
- (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 Scheme;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

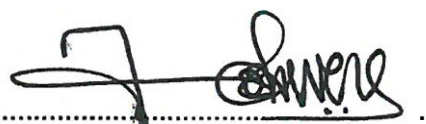
The Trustees accept responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Retirement Benefits Act, 1997.

The Trustees are of the opinion that the Scheme's financial statements give a true and fair view of the state of the Scheme's transactions during the financial year ended 30 June 2025, and of the Scheme's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

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

For the Trustees:



Dr. Joshua Were
Chairman, Board of Trustees



Ms. Cynthia M. Afandi
Trustee

Dated: 30-9- 2025

**REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF MASENO UNIVERSITY RETIREMENT BENEFITS SCHEME**

VCK/ARP/MURBS/2025

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Maseno University Retirement Benefits Scheme**, set out on pages 20 to 39 together with appendices I and II, which comprise the statement of net assets available for benefits as at 30 June 2025, the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Retirement Benefits Act.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Key Audit Matters identified were:

	Key Audit Matter	How the matter was addressed in our audit
1.	Contributions receivable The Scheme has recognised contributions income for the year and contribution due at year end. We considered this to be a key audit matter because contributions make up the main capital inflows into the Scheme which dictate the Scheme's ability to continue operating as a going concern and therefore the need to obtain assurance on the amounts thus reported.	Our audit procedures in this area included among others: — Reviewing monthly contribution schedules and confirming that correct classification/split of employee and employer portions as provided by the Trust Deed and Rules have been used; and that the disclosure of additional voluntary contributions has been made. - Confirming contribution remittances to the custodian; and - Verifying contributions outstanding by reconciling contributions receivable in the monthly contributions schedules with contributions remitted.
2.	Benefits payable The Scheme has recognised benefits payable for the year and unpaid benefits at year end. We considered this to be a key audit matter because benefit payments make up the main capital outflows from the Scheme and therefore provides an area of high exposure to loss of Scheme's assets if not properly managed.	Our audit procedures in this area included among others: •—Reviewing schedule of benefits payable and confirming that they relate to Members of the Scheme who accessed their benefits having exited through any one of the allowed mode of exit i.e. resignation, dismissal, retirement, ill-health, immigration, death etc. — Reviewing benefit computation worksheets on sample basis and confirming that benefits paid and/or unpaid were correctly determined as per the Trust Deed and Rules and the Retirement Benefits Act and withholding tax on benefits payable was correctly determined and remitted as per the Income Tax Act.

PARTNERS

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REPORT OF THE INDEPENDENT AUDITOR

TO THE TRUSTEES OF MASENO UNIVERSITY RETIREMENT BENEFITS SCHEME

	Key Audit Matter	How the matter was addressed in our audit
3.	Financial assets The Scheme has invested in various financial assets. We considered this to be a key audit matter because financial assets make up the Scheme's major assets and therefore the need to obtain assurance on the financial assets' ownership and value reported, together with generated investment income.	Our audit procedures in this area included among others: • Verifying ownership by obtaining confirmation of the financial assets held from the Scheme's custodian. • Reviewing classification and valuation of the financial assets and confirming that it is consistent with IFRS 9: Financial Instruments and the requirements of the Retirement Benefits Act 1997 as amended and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 that require Scheme assets to be recognised at market value. • Verifying investment income generated by each class of financial assets.
4.	Investment property The Scheme has invested in investment property. We considered the valuation and ownership of investment property as a key audit matter because it constitutes a major asset of the scheme and also due to estimation uncertainty in the determination of its value and therefore the need to obtain assurance on the investment property's ownership and value reported, together with rental income generated.	Our audit procedures in this area included among others: • Verifying ownership by obtaining confirmation of the title ownership. • Reviewing the valuation of the property investments based on a valuation performed by an independent appraiser. • Verifying rental income generated by the property.

Other information

The Trustees are responsible for the other information. Other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Retirement Benefits Act, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

PARTNERS

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**REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF MASENO UNIVERSITY RETIREMENT BENEFITS SCHEME**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Evans Ogari Onwonga, Practising Certificate No. 1971.


For and on behalf of:
VCK Auditors & Consultants
Certified Public Accountants
Nairobi



Dated: 30-09-2025

PARTNERS
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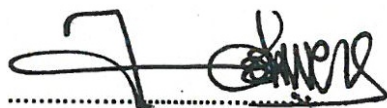
Maseno University Retirement Benefits Scheme
Statement of Changes in Net Assets Available for Benefits
For the Year Ended 30 June 2025

	Note	2025 Kshs	2024 Kshs
Income from dealings with members			
Contributions	2	402,034,276	351,843,817
Transfers in	3	8,218,077	1,492,820
Outgoings from dealings with members			
Benefits payable	4	(192,016,059)	(202,011,215)
Transfers out	5	(7,229,108)	(4,926,043)
Net additions from dealings with members		211,007,186	146,399,379
Return on investments			
Investment income	6	934,480,297	623,014,187
Change in fair value of investments	7	510,217,438	(22,798,837)
Less:			
Investment management expenses	8a	(26,825,891)	(17,561,709)
Investment property expenses	8b	(26,211,217)	(9,804,040)
		1,391,660,627	572,849,601
Expenses			
Administrative expenses	8c	(68,135,222)	(66,239,078)
Tax expense	18	(46,514,326)	(44,641,387)
Total administrative and tax expenses		(114,649,548)	(110,880,465)
Net return on investments		1,277,011,079	461,969,136
Increase in net assets for the year		1,488,018,265	608,368,515
Members' Fund at start of year		5,086,902,531	4,498,833,036
Less:			
Net transfer to General reserve	20a	(26,931,320)	(6,964,869)
Adjustment for changes in fair value of financial investments (debt instruments)	7b	(400,937,110)	(13,334,151)
Members' Fund at end of year	19	6,147,052,367	5,086,902,531
Reserve fund	20	617,659,435	181,160,274
Members' Fund and Reserve Fund		6,764,711,802	5,268,062,805

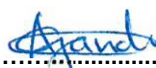
Maseno University Retirement Benefits Scheme
Statement of Net Assets Available for Benefits
As at 30 June 2025

	Note	2025 Kshs	2024 Kshs
Non-current assets			
Property and equipment	9	16,501,919	11,599,115
Investments			
Investment property	10	442,500,000	425,000,000
Financial investments	12a	6,276,569,452	4,820,205,350
		6,719,069,452	5,245,205,350
Current assets			
Land inventories	11	818,332	818,332
Financial investments: Trust Fund	12b	73,343,812	66,003,040
Contributions due and other receivables	13	56,031,285	62,600,695
Cash at bank	14a	12,189,560	2,624,694
Cash at bank: Trust Fund	14b	1,061,583	1,656,153
		143,444,572	133,702,914
Total assets		6,879,015,943	5,390,507,380
Less: Current liabilities			
Benefits payable	15a	-	(21,168,342)
Benefits payable: Trust Fund	15b	(74,282,473)	(67,479,652)
Payables and accrued expenses	16a	(39,898,745)	(33,617,039)
Payables and accrued expenses: Trust Fund	16b	(122,923)	(179,542)
Total liabilities		(114,304,141)	(122,444,575)
Net assets available		6,764,711,802	5,268,062,805
Financed by:			
Members' Fund	19	6,147,052,367	5,086,902,531
Reserves	20	617,659,435	181,160,274
		6,764,711,802	5,268,062,805

The financial statements on pages 20 to 39 together with appendices I and II were approved for issue by the Trustees on ~~23-SEP-~~ 2025 and signed on their behalf by:



Dr. Joshua Were
Chairman, Board of Trustees



Ms. Cynthia M. Afandi
Trustee

Maseno University Retirement Benefits Scheme
Statement of Cash Flow
For the Year Ended 30 June 2025

	Notes	2025 Kshs	2024 Kshs
Cash flow from operating activities			
Contributions received		429,691,951	454,129,159
Transfers in		8,218,077	1,492,820
Benefits paid to retirees and seceding members		(213,184,401)	(191,555,846)
Transfers out		(7,229,108)	(4,926,043)
Administrative expenses paid		(60,822,191)	(54,221,970)
Tax paid		(47,631,334)	(39,138,170)
GLA premium and other administrative reserve payments		(19,774,458)	(22,492,270)
Decrease/ (increase) in amount due from Trust Fund		69,013	(91,411)
Net cash flow from operating activities		89,337,548	143,196,268
Cash flow from investing activities			
Investment income received		900,597,684	557,519,855
Investment expenses paid		(49,367,977)	(27,394,648)
Purchase of financial assets		(4,077,962,026)	(927,414,606)
Proceeds from disposal of financial assets		3,055,594,192	183,065,161
Proceeds from sale of land inventories		-	1,913,400
Purchase of property and equipment		(8,486,253)	(2,474,505)
Net cash flow from investing activities		(179,624,379)	(214,785,343)
Net decrease in cash and cash equivalents		(90,286,831)	(71,589,074)
Cash and cash equivalents at start of year		256,807,382	328,396,456
Cash and cash equivalents at end of year		166,520,551	256,807,382
Represented by:			
Cash at bank	17	12,189,560	2,624,694
Fixed and call deposits	17	154,330,991	254,182,688
		166,520,551	256,807,382

1 Significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, the Retirement Benefits Act 1997 as amended, and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarize the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits that fall due after end of the Scheme period.

The financial statements are presented in the functional currency, Kenya Shillings (Kshs) and are prepared under the historical cost convention as modified by the carrying of certain investments at fair value.

b) Adoption of new and revised International Financial Reporting Standards (IFRSs)

i New and revised standards effective

At the date of authorization of these financial statements, various new and revised standards and interpretations were issued and effective. None of them has had an impact on the Scheme's financial statements.

ii New and revised standards issued but not yet effective

At the date of authorization of these financial statements, various new and revised standards and interpretations were issued but not yet effective. Those that relate and have an impact on the Scheme's operations will be adopted where applicable once they become effective.

iii Early adoption of standards

The Trustees do not have any plans to adopt any new and revised standards until they become effective. Based on their assessment of the potential impact of application of these standards, they do not expect that there will be a significant impact on the Scheme's financial statements.

c) Key sources of estimation uncertainty

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

Except for the valuation of investment property for which Trustees have relied on valuation by an independent valuer and provision for anticipated liabilities, the Trustees have made no other sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial period.

d) Significant judgements made by Trustees in applying the Scheme's accounting policies

Trustees have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements.

i) Impairment of contributions due and other receivables

Contributions due

The Scheme recognises contributions receivable on an annual basis. Contributions outstanding for more than 30 days are considered overdue. In determining whether overdue contributions are impaired, the Trustees have made significant judgement as to whether there is any evidence indicating that the Sponsor will not remit the overdue amount, if any, as stated.

Other receivables

At each reporting date, the Scheme reviews the carrying amounts of its other receivables to determine whether there is any indication that these receivables have suffered an impairment loss. If any such indication exists, the recoverable amount of the receivable is estimated and an impairment loss is recognised in the statement of changes in net assets available for benefits whenever the carrying amount of the receivable exceeds its recoverable amount.

ii) Impairment of financial assets

The Trustees have adopted the expected credit loss (ECL) model provided under the revised IFRS 9 in determining provision for impairment of financial assets. This model requires considerable judgement about how economic factors affect ECLs, which should be determined on a probability-weighted basis.

Based on the expected credit loss (ECL) model, the Trustees are of the opinion that, except for the Real People corporate bond investment whose recoverability is uncertain, no provision for impairment of the rest of the financial assets is necessary since the assets have been stated at their market values or fair values as at the end of the period. For financial assets stated at amortised cost, fair value has been determined as the nominal value plus accrued interest thereon.

iii) Fair value measurement and valuation process

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. The Trustees determine the fair value of the Scheme's assets and liabilities, where required, as follows:

- For assets and liabilities traded in the open market, fair value is the market value.
- For assets and liabilities not traded in the open market, fair value is determined using market observable data to the extent it is available.

e) Contributions

Current service and other contributions are accounted for in the period in which they fall due.

f) Benefit transfers

Benefit transfers are recognized in the period in which members join from or leave for other schemes.

g) Benefits payable

Pensions and other benefits payable are taken into account in the period in which they fall due.

h) Income from investments

Income comprises the fair value of the consideration received or receivable in the ordinary course of business.

The Scheme's income mainly comprising of investment income is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Scheme and when the specific criteria of the income class has been met as described below:

h) Income from investments

- i) Interest income is recognized for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investments and other discounted instruments.
- ii) Discount on government and corporate securities is recognized for securities purchased at prices lower than their respective nominal values and stated at amortised cost.
- iii) Dividends are recognized as income in the period in which the right to receive payment is established.
- iv) Rental income is recognized in the period in which it is earned.
- v) Miscellaneous income is recognized in the period in which it is earned.

i) Investment property

Investment property comprises land and buildings held to earn rent income, for resale or for capital appreciation. They are initially recognized at cost (including incidental and transaction costs) and are subsequently carried at market value based on valuations by external independent valuers or at the lower of cost and net realisable value for property due for resale whose sale price has been determined. Repairs and maintenance expenses and other property associated costs are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred. Investment property is not subject to depreciation.

Changes in carrying amounts of the investment property between net asset statement dates are recognized through the Statement of Changes in Net Assets available for benefits.

j) Financial instruments

The Scheme recognizes financial instruments in accordance with IFRS 9: Financial Instruments. The standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Recognition and measurement

Financial assets and liabilities are initially recognized in the Scheme's Statement of Net Assets at cost (including transaction costs) when the Scheme becomes party to the contractual provisions of the instrument.

IFRS 9 requires subsequent classification and measurement of financial instruments to reflect the business model in which the financial instruments are managed and their cash flow characteristics.

The standard contains three principal classification categories for financial instruments namely:

- i) At amortised cost;
- ii) At fair value through other comprehensive income (FVTOCI)
- iii) At fair value through profit or loss (FVTPL)

A financial instrument that meets the following two conditions must be measured at amortised cost unless the asset is designated at FVTPL under the fair value option:

- Business model test: The financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows (rather than to sell the assets prior to their contractual maturity to realise changes in fair value).

- Cash flow characteristics test: The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial instrument that meets the cash flow characteristics test and is not designated at FVTPL under the fair value option must be measured at FVTOCI if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets.

j) Financial instruments...cont'd

Financial assets

Financial assets are initially recognised at cost using settlement date accounting, when the Scheme has become party to the contractual provisions of the instrument.

The Scheme classifies its financial assets into the following categories: Financial assets at fair value through profit and loss, financial assets at amortised cost and receivables. Trustees determine the appropriate classification of its investment at initial recognition.

(i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value option. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so classifying eliminates or significantly reduces measurement inconsistency. Financial instruments cannot be transferred out of this category after inception. These category includes the following financial instruments:

- Government securities: Treasury bonds stated at market value
- Corporate bonds stated at market value.
- Quoted equities stated at market value.
- Offshore investments stated at market value.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non derivative financial assets with fixed or determinable payments and fixed maturities that Trustees have the positive intention and ability to hold to maturity. These category includes the following financial instruments:

- Government securities: Treasury bills stated at amortised cost.
- Corporate bonds and commercial paper stated at amortised cost.
- Short term deposits stated at amortised cost

(iii) Receivables

Receivables are non derivative assets with fixed or determinable payments that are not quoted in an active market. They arise when Trustees provide money or services directly to a debtor with no intention of trading the receivables. Receivables are carried at their original amount less an estimate made for bad and doubtful receivables based on the review of all outstanding amounts on an account by account basis, at the year end. Bad debts are written off in the year in which they are identified.

Impairment

IFRS 9 requires use of the 'expected credit loss' (ECL) model in determining impairment of financial assets. This model requires considerable judgement about how economic factors affect ECLs, which should be determined on a probability-weighted basis.

The impairment model is applicable to financial assets measured at amortised cost or FVTOCI except for investments in equity instruments and to contract assets.

The standard requires loss allowances to be measured on either of the following bases:

- **12-month ECLs:** these are ECLs that result from possible default events within the 12 months after the reporting date; and
- **Lifetime ECLs:** these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.



Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

j) Financial instruments...cont'd

Impairment...cont'd

The Scheme recognizes a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment. If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowances are recognised in profit or loss as impairment gains or losses.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

Presentation

All financial assets are classified as non-current except financial assets at fair value through profit or loss, those with maturities of less than 12 months from the reporting date, those which the Trustees have the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the Scheme's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Scheme does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets has expired or the Scheme has transferred substantially all risks and rewards of ownership, or when the Scheme has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Equipment and depreciation

All categories of equipment are initially recorded at cost and subsequently at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate (%)</u>
Motor Vehicle	25.00%
Furniture, fittings and office equipment	10.00%
Office partitions	20.00%
ERP system and equipment	25.00%
Computer equipment	25.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

l) Provisions for liabilities

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

m) Reserves

i) General reserve

This is a reserve maintained by Trustees at their discretion. The reserve is debited or credited at the end of each financial period with such sum as Trustees may decide. The credit in the reserve may be used by Trustees each period to make good any loss incurred on depreciation or sale of any securities or investments during the period or in the costs of administration of the Scheme, provided that a member shall receive a share of the reserve upon being awarded benefits in respect of retirement, disability or death in proportion to the value of the funds allocated to the accounts of all members of the Scheme at the time.

ii) Administrative reserve

This is a reserve that is used to fund members' group life insurance and other unexpected costs. The Sponsor contributes 2.5% of the members basic salary towards this reserve.

iii) Revaluation reserve

This is a reserve that is used to provide for unrealised gains and losses arising from valuation of treasury bonds. The revaluation reserve is not distributable to members as per the provisions of The Retirement Benefit (Occupational Retirement Benefit Schemes) (Amendment) Regulations, 2023.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

	2025	2024
	Kshs	Kshs
2 Contributions		
Employer - Normal	230,042,208	215,266,333
Employee - Normal	101,282,125	100,457,996
Employee - Additional Voluntary Contributions (AVC)	15,312,799	11,422,888
Employee - Post Retirement Medical Scheme (PRMS)	772,230	332,400
Employer - NSSF	27,312,457	12,182,100
Employee - NSSF	27,312,457	12,182,100
	402,034,276	351,843,817
3 Transfers in	8,218,077	1,492,820
This is in respect of benefits of employees who joined from other schemes.		
4 Benefits payable		
Annuity purchase for pensioners	73,488,435	93,551,620
Commutation and lump sum retirement benefits	59,515,070	66,425,320
Lumpsum death benefits	19,670,885	21,163,311
Lumpsum withdrawal benefits to leavers	39,341,669	20,870,964
	192,016,059	202,011,215
5 Transfers out	7,229,108	4,926,043
This is in respect of benefits of employees who transferred their benefits to other schemes.		
6 Investment income		
Rent income	13,911,875	20,826,213
Dividends receivable from equities	25,145,522	20,273,964
Interest and discounts receivable:		
- Treasury bonds	707,998,106	537,027,237
- Treasury bills	9,551,821	4,560,709
- Corporate bonds	1,521,921	1,436,913
- Fixed and call deposits	33,920,175	44,385,857
Gain (Loss) on disposal or maturity of investments		
- Listed local and regional equities	2,786,634	-
- Treasury bonds	138,973,774	(2,112,077)
- Offshore	85,409	-
Realised Forex exchange gain/ (loss) on USD deposits	566,005	(4,196,658)
Land inventory (land parcels) sales	-	685,901
Other income (Miscellaneous)	19,055	126,128
	934,480,297	623,014,187
7 Change in fair value of investments (Note 12 (a))		
a) Financial investments (non-debt instruments)		
Local and regional equities	91,711,027	12,123,948
Offshore investments	74,493	446,523
Forex loss on USD Deposits	(5,192)	(2,703,459)
	91,780,328	9,867,012
b) Financial investments (debt instruments)		
Treasury bonds	400,937,110	13,334,151
c) Non- financial investments		
Investment property	17,500,000	(46,000,000)
	510,217,438	(22,798,837)

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

8 Scheme expenses have been classified into 3 categories:

- a** Investment management expenses - expenses attributable to the management of financial investments and custody of the Scheme's assets.
- b** Investment property expenses - expenses attributable to the management and operations of investment property.
- c** Administrative expenses - expenses attributable to the secretariat and general Scheme operations.

	2025	2024
	Kshs	Kshs
8.a Investment management expenses		
Management fees	17,816,442	9,882,820
Custody fees	7,651,777	6,192,605
Investment committee expenses	1,357,672	1,486,284
	26,825,891	17,561,709
8.b Investment property expenses		
Land rent and rates	148,090	91,375
Property valuation fees	1,120,000	1,656,400
Property repair, maintenance and other expenses	7,324,996	8,056,265
Property alteration and refurbishment costs (MURBS Building)	12,465,036	-
Consultancy costs (Extension of leases for MURBS Hostel)	2,356,000	-
Provision for bad debts (Note 13)	2,134,646	-
Bad debts written off (on rent receivable)	662,449	-
	26,211,217	9,804,040
8.c Administrative expenses		
RBA levy	5,000,000	5,000,000
Trustee meeting expenses	5,259,775	5,091,766
Trustee training expenses	4,638,175	5,086,038
Trustee induction expenses	-	1,487,181
Board evaluation expenses	1,658,400	1,722,191
E- board expenses & software license	1,115,228	1,724,500
Administration and processing expenses	33,435,382	33,523,698
Seminar and training expenses	2,286,924	2,151,315
Insurance expenses	1,621,451	1,637,220
Audit fees	702,385	627,782
Depreciation on property and equipment (Note 9)	3,583,448	3,593,649
Strategic plan review	2,212,718	-
ISO certification	2,153,853	-
Investment Policy Statement (IPS) review fees	498,000	-
Members/Pensioners Sensitization Fora & Members Day expenses	1,370,088	2,175,195
Annual general meeting expenses	2,599,395	2,418,543
	68,135,222	66,239,078

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

9 Property and equipment

	Computer equipment Kshs 25.00%	Office partitions Kshs 20.00%	Motor vehicle Kshs 25.00%	Furniture, fittings and equipment Kshs 10.00%	ERP system and equipment Kshs 25.00%	Total Kshs
<u>Cost</u>						
At start of year	3,575,133	3,280,783	5,969,900	5,497,218	11,582,771	29,905,805
Additions	127,550	-	-	8,358,703	-	8,486,253
At end of year	3,702,683	3,280,783	5,969,900	13,855,921	11,582,771	38,392,058
<u>Depreciation</u>						
At start of year	3,149,625	3,280,783	4,710,625	4,269,965	2,895,693	18,306,690
Charge for the year	138,264	-	314,819	958,596	2,171,770	3,583,449
At end of year	3,287,890	3,280,783	5,025,443	5,228,560	5,067,462	21,890,139
<u>Net book value</u>						
At 30 June 2025	414,793	-	944,457	8,627,361	6,515,309	16,501,919
At 30 June 2024	425,508	-	1,259,276	1,227,254	8,687,078	11,599,115

10 Investment property

	2025 Kshs	2024 Kshs
<u>Developed properties</u>		
At start of the year	425,000,000	471,000,000
Net revaluation gain/ (loss)	17,500,000	(46,000,000)
At end of the year	442,500,000	425,000,000

Investment property relates to land and building acquired by the Scheme.

The developed properties are stated at the most recent market values determined using the comparable sales method in valuing land and cost approach in valuing permanent improvements on the land. The valuation took into account the market prices of similar properties of the type and in the area in which the properties are situated. The most recent valuation was carried out as at July 2025 by Leo Realtors Limited, independent valuers, and the values have been adopted as the fair values as at 30th June 2025 due to insignificant time difference and changes in economic factors affecting the properties.

MURBS Building (LR Block 7/67 & 70) MURBS NBK Building (LR Block 7/330) was revalued upwards by Kshs.10 million from Kshs.250 million reported in the previous valuation report to Kshs.260 million. While MURBS NBK Building (LR Block 7/330) was revalued upwards by Kshs.2.5 million from Kshs.120 million reported in the previous valuation report to Kshs.122.5 million. The other property, MURBS Hostels (LR Block 7/286 & 289) was also revalued upwards by Kshs.5 million from Kshs. 55 million reported in the previous valuation report to Kshs.60 million. The Scheme has thus reported a total revaluation gain on the 3 properties of Kshs. 17.5 million in the current financial period.

11 Land inventories

	2025 Kshs	2024 Kshs
At start of year	818,332	2,045,831
Disposal	-	(1,227,499)
At end of the year	818,332	818,332

Land inventories relates to undeveloped Eldoret land parcels held by the Scheme. They have been sub-divided and are being sold. They are stated at the lower of cost and net realisable value upon sale.

2 plots remained partially sold as at the financial year end.

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

12 Financial investments

a Financial investments: Scheme

At fair value

	Value at 01/07/2024	Less: Accrued interest b/fwd.	Add: Purchases at cost	Less: Disposals at average cost	Change in fair value	Add: Accrued interest c/fwd.	Value at 30/06/2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bonds	4,203,116,049	(165,541,868)	4,041,670,046	(2,965,779,111)	400,937,110	207,068,931	5,721,471,157
Listed local and regional equities	282,698,803	-	-	(26,821,655)	91,711,027	-	347,588,175
Unlisted equities	1,872,000	-	-	-	-	-	1,872,000
Offshore investment	3,621,022	-	-	(2,947,969)	74,493	-	747,546
Sub-total	4,491,307,874	(165,541,868)	4,041,670,046	(2,995,548,735)	492,722,630	207,068,931	6,071,678,878

At amortised cost

	Value at 01/07/2024	Less: Accrued interest b/fwd.	Add: Purchases at cost	Less: Disposals at average cost	Forex changes	Add: Accrued interest c/fwd.	Value at 30/06/2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bills	62,787,608	(2,736,958)	36,291,980	(60,050,650)	-	2,339,430	38,631,410
Corporate bonds	11,927,180	(247,180)	-	-	-	248,173	11,928,173
Fixed and call deposits (Kshs)	227,333,084	(2,833,084)	4,230,824,000	(4,305,324,000)	-	1,756,959	151,756,959
Fixed and call deposits (USD)	26,849,604	(482,912)	33,417,269	(57,244,754)	(5,192)	40,018	2,574,032
Sub-total	328,897,476	(6,300,134)	4,300,533,249	(4,422,619,404)	(5,192)	4,384,580	204,890,574
Total	4,820,205,350	(171,842,002)	8,342,203,294	(7,418,168,139)	492,717,438	211,453,511	6,276,569,452

b Financial investments: Trust Fund

At fair value

	Value at 01/07/2024	Less: Accrued interest b/fwd.	Add: Purchases at cost	Less: Disposals at average cost	Change in fair value	Add: Accrued interest c/fwd.	Value at 30/06/2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury bonds	61,952,575	(2,275,578)	1,820,298	(2,626,803)	2,333,353	2,216,916	63,420,760
Sub-total	61,952,575	(2,275,578)	1,820,298	(2,626,803)	2,333,353	2,216,916	63,420,760

At amortised cost

	Value at 01/07/2024	Less: Accrued interest b/fwd.	Add: Purchases at cost	Less: Disposals at average cost	Change in fair value	Add: Accrued interest c/fwd.	Value at 30/06/2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Fixed and call deposits	4,050,466	(50,466)	41,000,000	(37,000,000)	-	6,575	8,006,575
Treasury bills	-	-	1,726,104	-	-	190,372	1,916,476
Sub-total	4,050,466	(50,466)	42,726,104	(37,000,000)	-	196,948	9,923,052
Total	66,003,040	(2,326,044)	44,546,402	(39,626,803)	2,333,353	2,413,863	73,343,812



Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

12 Financial investments...cont'd

The following table analyses investments other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period as at 30 June 2025 to the contractual maturity date.

c Financial investments: Scheme	Up to 3 months Kshs	3 -12 months Kshs	1- 5 years Kshs	Over 5 years Kshs	Total Kshs
Treasury bonds	1,922,704	28,911,263	750,239,840	4,940,397,350	5,721,471,157
Treasury bills	9,822,803	28,808,607	-	-	38,631,410
Corporate bonds	-	-	11,928,173	-	11,928,173
Fixed and call deposits (Kshs)	151,756,959	-	-	-	151,756,959
Fixed and call deposits (USD)	2,574,032	-	-	-	2,574,032
Total	166,076,497	57,719,870	762,168,013	4,940,397,350	5,926,361,731

d Financial investments: Trust Fund

Treasury bonds	-	-	-	63,420,760	63,420,760
Treasury bills	-	1,916,476	-	-	1,916,476
Fixed and call deposits	8,006,575	-	-	-	8,006,575
Total	8,006,575	1,916,476	-	63,420,760	73,343,812

The following table summarises the average coupon rates at the year end of the main interest bearing investments of the Scheme:

	2025	2024
	%	%
Treasury bonds	13.56%	13.44%
Corporate bonds	12.25%	12.25%
Fixed and call deposits (Kshs)	8.06%	17.59%
Fixed and call deposits (USD)	3.13%	5.00%

The following investment classes exceed 5% of financial investments of the Scheme:

Kenya Government securities (Treasury bills and bonds)	91.77%	88.50%
Listed local and regional equities	5.57%	5.86%
Fixed and call deposits	-	5.27%

The Scheme does not hold more than 10% of the equity of any quoted company.

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

13 Contributions due and other receivables	2025 Kshs	2024 Kshs
<u>Contributions due</u>		
- Past due up to 30 days	34,768,868	31,841,990
<u>Other receivables</u>		
Investment income (dividends) receivable	5,542,850	6,687,618
Title deed costs receivable	15,108,451	15,072,337
Death benefits receivable	200,000	523,040
Due from Trust Fund (Appendix II)	101,970	170,983
Deposits for utilities	35,000	35,000
Rent receivable	2,408,792	8,269,727
Less: Provision for bad debts	(2,134,646)	-
	56,031,285	62,600,695

Contributions due up to 30 days relate to contributions for the month of June 2025. The contributions due are held by the Sponsor and are fully recoverable hence no provision for impairment has been made.

Title deed costs receivable relate to title processing, land rates and other expenses incurred by the Scheme in respect of the parcels of land already sold. The costs are recoverable from the respective buyers before issuance of title deeds.

14 Cash at bank	2025 Kshs	2024 Kshs
a Cash at bank: Scheme		
Standard Chartered Bank Custody a/c- Current account	8,347,251	1,290,952
Standard Chartered Bank Custody a/c- GenAfrica Asset Managers Ltd.	914,035	623,845
Standard Chartered Bank Custody a/c- Sanlam Investment Managers Ltd.	1,960,745	612,407
Standard Chartered Bank Custody a/c- Investcent Investment Bank.	831,010	-
National Bank Savings a/c	136,519	97,490
	12,189,560	2,624,694
b Cash at bank: Trust Fund		
Standard Chartered Bank Custody a/c- Current account	923,502	1,228,901
Standard Chartered Bank Custody a/c- GenAfrica Asset Managers Ltd.	138,081	427,252
	1,061,583	1,656,153
15 Benefits payable	2025 Kshs	2024 Kshs
a Benefits payable: Scheme		
Lump sum benefits payable	-	7,902,285
Lump sum for annuity purchase payable	-	13,266,057
	-	21,168,342
b Benefits payable: Trust Fund (Appendix I & II)		
Benefits held in Trust for beneficiaries of deceased members	74,282,473	67,479,652

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

16 Payables and accrued expenses	2025	2024
a Payables and accrued expenses - Scheme	Kshs	Kshs
RBA Levy	5,000,000	5,000,000
Management fees	6,223,738	2,716,966
Custody fees	726,368	564,009
Audit fees and disbursements	642,385	492,420
Client rent deposits	4,772,052	5,366,969
Client prepaid rent	299,097	2,385,506
Client land deposits	1,125,074	677,078
Other payables	18,795,305	13,093,521
Tax payable (Note 18b)	2,314,726	3,320,570
	39,898,745	33,617,039

Note: Other payables relates to administrative expenses incurred during the year but which had not been settled as at the year end.

b Payables and accrued expenses: Trust Fund

Due to Scheme	101,970	170,983
Payables and accrued expenses - Custody fees	20,953	8,559
	122,923	179,542

Amount due to Scheme relates to amount refundable by the Trust Fund for net settlement of the Trust Fund's transactions with the Scheme.

In the opinion of the Trustees, the stated carrying amounts of payables and accrued expenses approximate to their fair value.

The maturity analysis of payables and accrued expenses is as follows:

	0 - 1 month	2 - 3 months	4 - 12 months	Total
	Kshs	Kshs	Kshs	Kshs
RBA Levy	-	-	5,000,000	5,000,000
Management fees	6,223,738	-	-	6,223,738
Custody fees	726,368	-	-	726,368
Audit fees and disbursements	-	-	642,385	642,385
Client rent deposits	-	-	4,772,052	4,772,052
Client prepaid rent	299,097	-	-	299,097
Client land deposits	-	-	1,125,074	1,125,074
Other payables	5,716,169	3,429,375	9,649,761	18,795,305
Tax payable	-	-	2,314,726	2,314,726
	12,965,372	3,429,375	23,503,998	39,898,745

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, fixed and call deposits.

	2025 Kshs	2024 Kshs
Cash at bank (Note 14a)	12,189,560	2,624,694
Fixed and call deposits (Note 12a)	154,330,991	254,182,688
	166,520,551	256,807,382

18 Taxation

Maseno University Retirement Benefits Scheme has been approved by the Kenya Revenue Authority and its investment income from the registered component of the Scheme is exempt from taxation. Contributions received by the Scheme within the prescribed statutory limit (i.e. Kshs. 20,000 or Kshs. 30,000 effective 27 December 2024 per member per month) constitute the registered component of the Scheme while contributions in excess of the prescribed statutory limit constitute the unregistered component of the Scheme. Taxation reflected in the financial statements relates to tax payable on net investment income earned by the unregistered component of the Scheme and is as follows:

	2025 Kshs	2024 Kshs
Taxable investment income	155,047,753	133,313,885
Tax at 30%	46,514,326	39,994,165
Adjustment for assessed tax arrears for prior years	-	4,647,222
a Tax charge for the year	46,514,326	44,641,387
<u>Movement in tax account</u>		
Balance of tax payable/ (recoverable) b/fwd.	3,320,570	(2,276,483)
Add: Tax charge for the Scheme - current year	46,514,326	39,994,166
Tax charge for the Scheme - assessed tax arrears for prior years	-	4,647,222
Tax charge for the Trust Fund - current year (Appendix I)	111,163	93,836
Less: Tax paid for current year	(47,631,334)	(34,490,948)
Tax paid for prior years	-	(4,647,222)
b Balance of tax payable	2,314,726	3,320,570

19 Members' Fund

	2025 Kshs	2024 Kshs
Balance at start of year	5,086,902,531	4,498,833,036
Add/ (Less):		
Contributions receivable and transfers in	410,252,353	353,336,637
Benefits payable and transfers out	(199,245,167)	(206,937,258)
Net return on investments	1,277,011,079	461,969,136
Increase in net assets for the year	1,488,018,265	608,368,515
Adjustment for changes in fair value of financial investments (debt instruments) - Note 7b	(400,937,110)	(13,334,151)
Net transfer to General reserve - Note 20a	(26,931,320)	(6,964,869)
Balance at end of year	6,147,052,367	5,086,902,531

Maseno University Retirement Benefits Scheme
Notes to the Financial Statements
For the Year Ended 30 June 2025

20 Reserve Fund

a General reserve fund

Balance at start of year	105,741,474	98,776,605
Add/ (Less) :		
- Unpaid benefits transfers (back to membership)	(2,372,671)	(10,095,984)
- Net reserves paid on benefits	(2,080,709)	-
- Net transfer of interest for the year	31,384,700	17,060,853
Net transfer from Members' Fund	26,931,320	6,964,869
Balance at end of year	132,672,793	105,741,474

b Revaluation reserve fund

Balance at start of year	13,334,151	-
Changes in fair value of financial investments (debt instruments) - Note 7b	400,937,110	13,334,151
Balance at end of year	414,271,261	13,334,151

The Retirement Benefits (Occupational Retirement Benefit Schemes) (Amendment) Regulations, 2023 which were gazetted by the Cabinet Secretary for the National Treasury and Economic Planning on 21st December 2023 (referred to as legal notices no. 18-22 of 2024) provide that unrealised gains and losses arising from valuation of financial assets (specifically debt instruments/bonds) using the fair value approach shall not form part of the distributable income hence the creation of the revaluation reserve fund. The revaluation reserve fund is not distributable.

c Administrative reserve fund

Balance at start of year	62,084,649	61,551,647
- Contributions @ 2.5% from the Sponsor	30,584,553	28,673,720
Less:		
- Group life premiums paid for the year	(20,097,498)	(22,361,729)
- Death Benefits written back	-	(69,459)
- Net land related costs payments	(1,856,323)	(5,709,530)
Net change for the year	8,630,732	533,002
Balance at end of year	70,715,381	62,084,649

Note: The Sponsor contributes 2.5% of members' basic salaries monthly to the administrative reserve fund to cater for payment of group life premiums and other expenses at the discretion of the Sponsor.

Total Reserves	617,659,435	181,160,274
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21 Contingent liabilities

The Scheme's contingent liabilities as at 30 June 2025 mainly comprised of the liability to pay future pensions and other benefits. Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme as at the year end.

22 Related party transactions

Related parties comprise of the Trustees and the Sponsor. Except for the contributions receivable (notes 2 & 13) and the payment of Trustees expenses (note 8c), there were no other transactions carried out with related parties during the year.

23 Financial risk management disclosures

The Scheme generates income for the members by investing in various income generating activities which involve trading in the stock exchange, trading in government and other securities and offshore investments. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

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

The Scheme also follows guidelines issued by the Retirements Benefits Authority in respect of maximum allowed investment in different types of investments.

Foreign exchange risk

The Scheme has investments in offshore markets and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Scheme is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates in relation to offshore investments.

Price risk

The Scheme is exposed to equity securities price risk because of investments in quoted shares classified at fair value through profit or loss. The Scheme is also exposed to the risk that the value of debt securities will fluctuate due to changes in market value. To manage its price risk arising from investments in equity and debt securities, the Scheme has diversified its portfolio. For equities, the Scheme has invested in companies in different sectors of the economy, while for debt securities, the Scheme has invested in bonds with varying maturities. Diversification of the portfolio is done in accordance with resolutions passed on investments during quarterly Trustees meetings.

Interest rate risk

The Scheme's interest-bearing assets are investments in treasury bonds, corporate bonds, treasury bills, commercial paper and fixed deposits. All of these instruments are at fixed interest rates. The nature of financial instruments held, that is fixed interest instruments, mitigates interest risk exposure of the Scheme. Therefore, fluctuations in interest rates will have an insignificant effect on the Scheme's financial performance.

In addition, the Scheme does not hold any interest bearing financial liability or asset at a variable rate which would expose the Scheme to cash flow interest rate risk.

23 Financial risk management disclosures (continued)

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme has adopted a policy of only dealing with credit worthy counterparties.

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks, and receivables. As part of the credit risk management system, the Investment Manager and Trustees monitor and review information on significant investments. Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record.

In the financial year ended 30 June 2016, the Scheme invested in Real People Corporate Bond with nominal value of Kshs. 10,000,000. Based on available information, the Trustees assessed recoverability of the bond as being uncertain. Consequently, the Trustees resolved to fully impair the bond in the financial year 2021/2022 due to uncertainty on its recoverability. The impaired amount will be credited back to the Scheme in the event of future recovery.

Also, in the financial period ended 30 June 2016, Chase Bank Limited was placed under statutory receivership by the Central Bank of Kenya. At the time of placement of the bank into statutory receivership, the Scheme held the bank's 7 year Corporate Bond with face value of Kshs. 10,000,000 and maturity date of 02/06/2022. The Trustees resolved to fully impair the bond in the financial year 2017/2018 due to uncertainty on its recoverability. The impaired amount will be credited back to the Scheme in the event of future recovery.

The impaired amounts invested in Chase Bank and Real People bonds represent significant credit risk exposure to the Scheme as at year end.

Note: The decision to impair the assets held by Chase Bank Limited and Real People Kenya Limited was informed by prudence and the requirements to comply with International Financial Reporting Standards (IFRS 9) and does not in any way dilute the efforts that the Board of Trustees continue to pursue towards recovery.

No collateral is held for any of the Scheme's investments.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit and expense payments. The Trustees advise the Investment managers on regular basis on the liquidity needs of the Scheme in order for the investment managers to carry out investment decisions taking into account the Scheme's liquidity needs.

24 Capital management

The Scheme's capital structure consists of accumulated members' funds. The primary objective of the Scheme's capital management is to ensure that its funds are invested in assets that provide optimal returns while complying with the approved investment policy and the set statutory investment guidelines in order to support its business and maximise members value.

The Scheme maintains an actively managed capital base to cover risks inherent in the business. The total accumulated fund as at 30 June 2025 was Kshs.6,764,711,802 (2024: Kshs.5,268,062,805).

**Maseno University Retirement Benefits Scheme
Trust Fund
Statement of Changes in Net Assets Available for Benefits
For the Year Ended 30 June 2025**

	2025 Kshs	2024 Kshs
Dealings with members and beneficiaries		
Benefit transfers in	11,003,091	11,492,766
Benefit payments	(14,658,341)	(10,261,139)
Net (deficit) / additions from dealings with members and beneficiaries	(3,655,250)	1,231,627
Return on investments		
<u>Investment income</u>		
- Interest from Treasury bonds	7,716,013	7,257,504
- Discount from Treasury bills	190,373	-
- Interest from Fixed and Call deposits	275,884	392,603
- Gain/ Loss on disposal of Treasury bonds	149,325	(9,081)
	8,331,594	7,641,026
Change in fair value of investments		
- Treasury bonds	2,333,353	4,007,779
Gross return on investments	10,664,946	11,648,805
<u>Less: Expenses</u>		
- Custody fees	(95,712)	(79,817)
- Tax expense	(111,163)	(93,836)
	(206,875)	(173,653)
Net return on investments	10,458,071	11,475,152
Increase in net assets for the year	6,802,821	12,706,779
Net assets available for benefits at start of year	67,479,652	54,772,873
Net assets available for benefits at end of year	74,282,473	67,479,652

Note: Benefit transfers in are death claims and last expense recovered from insurers for onward payment to beneficiaries.



**Maseno University Retirement Benefits Scheme
Trust Fund
Statement of Net Assets Available for Benefits
For the Year Ended 30 June 2025**

	2025 Kshs	2024 Kshs
Investments		
Financial investments		
- Treasury bonds	63,420,763	61,952,575
- Treasury bills	1,916,476	-
- Fixed deposit	8,006,574	4,050,466
	<u>73,343,813</u>	<u>66,003,041</u>
Current assets		
Cash at bank	<u>1,061,583</u>	<u>1,656,153</u>
Total assets	<u>74,405,396</u>	<u>67,659,194</u>
Less: Current liabilities		
Due to Scheme	(101,970)	(170,983)
Payables & accrued expenses	(20,953)	(8,559)
Total current liabilities	<u>(122,923)</u>	<u>(179,542)</u>
Net assets available for benefits	<u>74,282,473</u>	<u>67,479,652</u>
Financed by:		
Benefits held in Trust	<u>74,282,473</u>	<u>67,479,652</u>

A diamond-shaped logo with a black border and an orange inner border. Inside the diamond, the number '35' is written in a large, bold, black font. Below '35', the words 'YEARS' and 'of' are written in a smaller, black, sans-serif font. Below the diamond, the words 'Dedicated Service' are written in a large, black, cursive font.

35 YEARS of *Dedicated Service*



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