



# **KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**



### **Certified Public Accountants**

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**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023**

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**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
SCHEME INFORMATION**

<b>REGISTERED OFFICE</b>	: Kenya Forestry Research Institute Muguga, KEFRI-KARI Road Off Nairobi-Naivasha Road P.O. Box 20412-00200
<b>TRUSTEES</b>	: Dr. George Muthike : Mrs. Sarah Mogaka : Dr. Joshua Cheboiwa : Ms. Rose Osoro : Mr. Charles K. Koech : Dr. Agnes Ogada : Mr. Timothy Wanjala : Dr. Sammy Letema Retired on 01.07.2023 : Mr. Davies Ndambuki W.e.f 01.07.2023
<b>FUND ADMINISTRATOR</b>	Minet Kenya Financial Services Limited Minet House Off Nyerere Road P.O. Box 20102-00200 <b>NAIROBI</b>
<b>FUND MANAGER</b>	Sanlam Investments East Africa Limited 5th Floor, Africa Re Centre Hospital Road, Upperhill P.O. Box 67262-00200 <b>NAIROBI</b>
<b>FUND CUSTODIAN</b>	: Standard Chartered Securities Services Kenya Chiromo 48 Westlands Road P.O. Box 40984-00100 <b>NAIROBI</b>
<b>INDEPENDENT AUDITOR</b>	: WIA East Africa Certified Public Accountants Westlands Business Park-5th Floor, Chiromo Lane P.O Box 46671 - 00100 <b>NAIROBI</b>

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHI  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
REPORT OF THE TRUSTEES**

The Trustees have the pleasure in presenting their report together with the audited financial statements for the year ended 30th June 2023 which disclose the state of affairs of the Scheme.

**Establishment, Nature and Status of the Scheme**

The Scheme is a defined contribution scheme and provides retirement benefits for the staff of Kenya Forestry Research Institute. It is an exempt and approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority. The scheme is governed by a trust deed. Contributions to the Scheme by both the employer and employees are at the rate of 20% and 10 % respectively of the individual members' basic salaries.

**Trustees**

The trustees who served the scheme are listed on page 2.

**Membership**

The following movement describe the members held by the scheme as at 30th June;

<b>a) Total Members</b>	<b>2023</b>	<b>2022</b>
Contributing members	667	727
Members with deferred benefits and non-contributors	<u>30</u>	<u>37</u>
	<b><u>697</u></b>	<b><u>764</u></b>
<b>b) Contributing Members</b>		
At start of year	727	749
Joiners	<u>67</u>	<u>10</u>
	794	759
Less: Leavers	<u>(127)</u>	<u>(32)</u>
At end of year	<b><u>667</u></b>	<b><u>727</u></b>
<b>c) Members with deferred benefits and non-contributors</b>		
At start of year	37	30
New Entrants	4	12
Leavers	<u>(11)</u>	<u>(5)</u>
At end of year	<b><u>30</u></b>	<b><u>37</u></b>

**Financial Review**

The statement of changes in net assets available for benefits on page 10 shows an increase in the net assets of the Scheme for the year of Kshs 9,278,364 (2022:Kshs 38,192,831) and the statement of net assets available for benefits on page 11 shows the scheme net assets as Kshs 3,146,492,857 (2022:Kshs.



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
REPORT OF THE TRUSTEES (CONT'D)**

**Investment of Funds**

Under the terms of their appointment, Sanlam Investments East Africa Limited is responsible for the investment of available funds. The overall responsibility for investment and performance lies with the trustees.

Investments as at 30th June were as follows:

	2023	2023	2022	2022
	Kshs	% of portfolio	Kshs	% of portfolio
Kenya Government Securities	2,217,658,153	70%	2,195,689,922	70%
Quoted Shares	499,819,763	16%	632,784,767	20%
Corporate Bonds	20,702,026	1%	20,702,026	1%
Term Deposits	281,126,317	9%	184,079,562	6%
Offshore Investmentst	<u>118,165,608</u>	<u>4%</u>	<u>82,013,113</u>	<u>3%</u>
	<b><u>3,137,471,866</u></b>	<b><u>100%</u></b>	<b><u>3,115,269,390</u></b>	<b><u>100%</u></b>

**Statement as to disclosure to the Scheme's Auditor**

With respect to each Scheme's Trustee at the time this report was approved:

- a) there is so far as the person is aware no relevant audit information of which the Scheme's auditor is unaware; and
- b) the person has taken all the steps that the person ought to have taken as a Trustee so as to be aware of any relevant audit information and to establish that the Scheme's auditor is aware of that information.

**Terms of appointment of the auditor**

WIA East Africa being eligible continues in office in accordance with Section 34 (3) of the Retirement Benefit Act and subject to the Scheme's Trust Deed and rules. The Trustees monitor the effectiveness, objectivity and independence of the auditor. The Trustees also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

**BY ORDER OF THE TRUSTEES**

  
SECRETARY.....

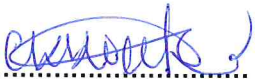
DATE 26/09/.....2023

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Retirement Benefit (Occupational Retirement Benefit Scheme) Regulations, 2000 require the Trustees to prepare financial statements in a prescribed form for each financial year. They also require the Trustees to ensure that the scheme keeps proper accounting records of its income, expenditure, liabilities and assets, and contributions are remitted to the custodian in accordance with the rules of the scheme.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefit Scheme) Regulations, 2000. The Trustees are of the opinion that the financial statements give a true and fair view of the financial transactions of the scheme and of the position of its assets and liabilities, other than liabilities to pay pensions and benefits falling due after the end of the year. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

TRUSTEE.....  ..... DATE..... 26/9/23 .....

TRUSTEE.....  ..... DATE..... 26/9/23 .....

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)  
CORPORATE GOVERNANCE STATEMENT**

**Board of Trustees**

**1. Trustees in Office**

For the financial year ended 30th June 2023, the following were the Trustees in Office: -

Name	Age	Categorisation of trustee (member elected /sponsor nominated / professional)	No of Meetings attended	Academic Qualifications	Certified (Yes/No)	Membership in other boards
Dr. George Muthike	59	Member	5	Doctrate Degree	Yes	No
Dr. Sammy Letema	52	Sponsor	0	Doctrate Degree	Yes	No
Dr. Joshua Cheboiwo	65	Sponsor	4	Doctrate Degree	Yes	No
Ms. Rose Osoro	52	Sponsor	4	Masters Degree	Yes	No
Mr. Charles. K. Koech	53	Member	5	Masters Degree	Yes	No
Dr. Agnes Ogada	63	Sponsor	5	Doctrate Degree	Yes	No
Ms. Sarah Mogaka	52	Member	5	Masters Degree	Yes	No
Mr. Timothy Wanjala	47	Member	5	Masters Degree	Yes	No

**2. Board of Trustees' Meetings Held During the Financial Year**

The Board of Trustees held 5 meetings during the financial year ended 30th June 2023. The meetings were as follows:

Count	Meeting	DATE
1	Full Board Meeting	06/09/2022
2	Special Board Meeting	12/10/2022
3	Full Board Meeting	16/11/2022
4	Full Board Meeting	24/02/2023
5	Full Board Meeting	30/05/2023

**3. Composition of Board of Trustees**

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

<b>Gender Balance</b>	Female: 3 Male: 5
<b>Skills Mix</b>	No. of Trustees with financial skills: 3 No. of Trustees with legal skills : 0
<b>Age Mix</b>	No. of Trustees 35 years and below: None No. of Trustees above 35 years: 9

**4. Committees of the Board**

The Board Resolved to set up adhoc committees as and when the need arise instead of standing committees.

**5. Fiduciary Responsibility Statement**

The Board of Trustees is the governing body for the Kenya Forestry Research Institute Staff Retirement Benefits Defined Contribution Scheme and is responsible for the corporate governance of the Scheme. The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interest of its Members and the Sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

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

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

The Trustees have ensured that the Fund Manager has carried out all Scheme investments and that all the assets and funds are held by the Custodian.

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

- The Board Charter and Code of Conduct
- Communication Policy



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)  
CORPORATE GOVERNANCE STATEMENT (CONT'D)**

- c). Trustee Resignation and appointment policy
- d). Trustee Induction policy
- e). Trustees Development and training Policy
- f). Complaints handling policy and procedure
- g). Risk management policy
- h). Conflict of interest policy
- i). Trustee Remuneration policy

**6. Responsible Corporate Citizenship**

The Scheme has participated in socially responsible investments and operations and has not been involved in any activities that may undermine the wellbeing of the Sponsor, Members and the Community in which it

**7. Key Outcomes:**

The Board of Trustees will seek to achieve the following:

- a). Building trust with our Members and the Sponsor so that they are satisfied with the administration of the Scheme
- b). Supporting innovation and developing solutions that meet the Members' and Sponsor's needs; and
- c). Ensuring that the Scheme administrative processes remain transparent and accessible to Members and the Sponsor.

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

- a). Triennial Members survey score with the first survey scheduled in 2022.
- b). Sharing regular reports with the Sponsor.

**8. Annual General Meeting**

The Board held the last Annual General Meeting on 12th October 2022 at the Headquarters and Regional AGM's were held on 17th to 19th October 2022.

**9. Member Sensitization**

The Board organizes Members Sensitization meetings once every three (3) years.

**10. Trustees Remuneration Policy**

During the year under review, the Scheme Trustees received a sitting allowance of Kshs 2,079,460.

This was in accordance with the Trustees Remuneration Policy, approved by the members Annual General Meeting held on 8th October 2020

**11. Board and Trustee Evaluation**

The Board of Trustees has scheduled to conduct a Board Evaluation in the next financial year, to ensure compliance with the Good Governance Guidelines.

**Signed on behalf of Trustees:**

Chairperson.....

Date:.....

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA FORESTRY RESEARCH INSTITUTE STAFF  
RETIREMENT BENEFITS SCHEME  
FOR THE YEAR ENDED 30TH JUNE 2023**

**Opinion**

We have audited the accompanying financial statements of Kenya Forestry Research Institute Defined Contribution Staff Retirement Benefit Scheme, set out on pages 10 to 20, which comprise the balance sheet as at 30th June 2023, statement of surplus or deficit, the statement of changes in fund balance 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 30th June 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Kenyan Retirement Benefit Act, 1997.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organisation 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 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 unqualified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit the financial statements. Key audit matters are selected from the matters communicated with the Trustees, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. There were no key audit matters.

**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.

**Trustees' Responsibility for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefit Act, 1997, 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 Management either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA FORESTRY RESEARCH INSTITUTE STAFF  
RETIREMENT BENEFITS SCHEME  
FOR THE YEAR ENDED 30TH JUNE 2023**

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of 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 the 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.

**Report on other legal requirements**

As required by the Retirement Benefits Authority Act we report to you, based on our audit that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of accounts have been kept by the Scheme, so far as appears from our examination of those books; and
- iii) The Scheme's balance sheet and Profit and Loss account which are referred to as Statement of Net Assets available for benefits and Statement of Changes in Net Assets respectively in this report, are in agreement with the books of accounts.

**The signing partner responsible for the independent audit was CPA Joseph Irungu Kimani -Practising No. 995.**



*W. Irungu Kimani*  
Certified Public Accountants

Nairobi, *27-09-*.....2023



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
FUND ACCOUNT**

	Note	2023 Kshs	2022 Kshs
<b>Contributions and Benefits</b>			
Contributions During The Year	2	190,194,018	190,967,870
Transfers In	3	<u>3,022,839</u>	<u>1,158,350</u>
		<b><u>193,216,857</u></b>	<b><u>192,126,220</u></b>
<b>Outgoings from Dealings with Members</b>			
Benefits Payable	4	<u>(322,605,828)</u>	<u>(106,331,317)</u>
<b>Net Addition/ (Decrease) from Dealings with Members</b>		<b><u>(129,388,971)</u></b>	<b><u>85,794,903</u></b>
<b>Return On Investments</b>			
Investment Income	5	355,511,053	314,992,483
Loss on Disposal of Treasury Bonds	8	(6,450,770)	(5,377,514)
Gain on Disposal of quoted equity investments	8	13,919,154	302,244
Fair Value loss on treasury bonds	13	(103,406,985)	(88,341,249)
Fair Value (loss)/gain on equity investments		(110,573,498)	(195,516,605)
Fair Value (loss)/gain on on offshore investments		36,152,495	(27,113,866)
Investment Management expenses	6	<u>(11,463,217)</u>	<u>(11,812,267)</u>
<b>Net Return on Investments</b>		<b><u>173,688,232</u></b>	<b><u>(12,866,774)</u></b>
<b>Scheme Expenses</b>			
Administrative Expenses	7	<u>(23,373,526)</u>	<u>(25,534,711)</u>
<b>Net Return on Investments</b>		<b>150,314,706</b>	<b>(38,401,485)</b>
Income Tax Expense	21	<u>(11,647,372)</u>	<u>(9,200,587)</u>
<b>Net Increase/(decrease) in the Fund During the Year</b>		<b><u>138,667,335</u></b>	<b><u>(47,602,072)</u></b>
<b>Increase in Net Assets</b>		<b><u>9,278,364</u></b>	<b><u>38,192,831</u></b>

The notes on page 13 to 20 form an integral part of these financial statements.

TRUSTEE.....

DATE.....26/9/23

TRUSTEE.....

DATE.....26/9/23



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
NET ASSETS STATEMENT**

	Note	2023 <u>Kshs</u>	2022 <u>Kshs</u>
<b>INVESTMENTS</b>			
Treasury Bonds	8	2,217,658,153	2,159,017,741
Treasury Bills	9	-	36,672,181
Term Deposits	10	281,126,317	184,079,562
Corporate Bonds	11	20,702,026	20,702,026
Quoted Equity Investments	12	499,819,763	632,784,767
Offshore Investments	13	<u>118,165,608</u>	<u>82,013,113</u>
		<b><u>3,137,471,866</u></b>	<b><u>3,115,269,390</u></b>
<b>FIXED ASSETS</b>			
Property, Plant and Equipment	14	<u>2,120,544</u>	<u>2,576,700</u>
<b>CURRENT ASSETS</b>			
Bank balance	15	15,910,294	19,332,921
Contributions and Other Receivables	16	15,648,479	20,197,041
Benefits Held in Trust	17	<u>95,517,433</u>	<u>105,348,373</u>
<b>Total Current Assets</b>		<b><u>127,076,206</u></b>	<b><u>144,878,335</u></b>
<b>CURRENT LIABILITIES</b>			
Benefits Held in Trust	17	95,517,433	105,348,373
Benefits Payable	18	11,180,491	6,923,150
Accrued Expenses and Other Payables	19	11,043,172	10,959,513
Tax Payable	21	<u>1,526,728</u>	<u>2,278,895</u>
		<b><u>119,267,825</u></b>	<b><u>125,509,931</u></b>
<b>Net Assets</b>		<b><u>3,147,400,791</u></b>	<b><u>3,137,214,494</u></b>
<b>REPRESENTED BY:</b>			
Balance Allocated to Members	20	<u>3,147,400,791</u>	<u>3,137,214,494</u>

The financial statements on pages 10 to 20 were approved by the Trustees and signed on their behalf by:

TRUSTEE.......... DATE.....26/9/23.....

TRUSTEE.......... DATE.....26/9/23.....

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEM  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023  
STATEMENT OF CASHFLOWS**

	Note	2023 Kshs	2022 Kshs
<b>Net Increase/(decrease) in the Fund During the Year</b>	<b>22</b>	<b>20,925,736</b>	<b>47,393,418</b>
Prior year adjustments	23	907,933	-
Accrued Interest on Term Deposits		(794,250)	(1,049,466)
Decrease in Current Assets		4,548,562	24,920,756
Increase/(Decrease) in Benefits Held in Trust		9,830,940	(31,681,421)
(Decrease)/Increase in Current Liabilities		(5,489,939)	1,873,478
Depreciation		456,156	575,248
Tax Paid		<u>(12,399,539)</u>	<u>(8,025,035)</u>
<b>Net Cash flows from Operating Activities</b>		<b><u>17,985,598</u></b>	<b><u>34,006,978</u></b>
<b>Investing Activities</b>			
Investments During the Year		<u>74,844,278</u>	<u>134,308,688</u>
<b>Net Cash flows from Investing Activities</b>		<b><u>74,844,278</u></b>	<b><u>134,308,688</u></b>
Increase in Cash and Cash Equivalents		<b>92,829,877</b>	<b>168,315,666</b>
Add: Cash and Cash Equivalents at Start of the Year		202,332,921	34,017,255
Cash and Equivalents at End of the Year	15	<b><u>295,162,797</u></b>	<b><u>202,332,921</u></b>

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023**

**1 Summary of Significant Accounting Policies**

**a) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Retirement Benefits Act 1997 as amended and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000. The principal accounting policies adopted remain unchanged from the previous year and are set out below;

**b) Adoption of New and Revised International Financial Reporting Standards (IFRSs)**

***(i) New Standards and Amendments to Published Standards Effective for the Year Ended 30th June 2023.***

At the date of authorization of these financial statements, various revised standards and interpretations were issued and effective. These standards and interpretations did not result in the change in the Scheme's accounting policies or result in any material impact on the financial statements of the entity.

***(ii) New and Amended Interpretations in Issue but not yet Effective in the Year Ended 30th June 2023.***

At the date of authorization of these financial statements, various revised standards and interpretations were in issue but not yet effective. The adoption of these standards and interpretations when effective will not result in the change in the Scheme's accounting policies or result in any material impact on the financial statements of the Scheme.

***(iii) Early Adoption of Standards***

The Scheme did not early adopt any new or amended standards in 2023.

**c) Basis of Preparation**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. The financial statements are presented in Kenya Shillings (Shs). The principal accounting policies adopted remain unchanged from the previous year and are set out below;

**d) Contributions and Benefits**

Contributions receivable and benefits payable are recognized in the period in which they fall due.

**e) Investment Income**

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

**f) Financial Instruments**

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

**g) Financial Instruments**

***i) Held to Maturity Investments***

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Scheme has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any allowances for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation and losses arising from impairment of such investments are recognized in the statement of changes in net assets available for benefits.



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

***ii) Financial Assets at Fair Value Through Profit or Loss***

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognized at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realised and unrealised gains and losses are included in the statement of changes in net assets available for benefits. Interest earned whilst holding held for trading investments is reported as interest income.

***iii) Available-for-sale Financial Assets***

Financial assets that are not (a) loans and receivables originated by the Scheme, (b) held to maturity investments, or (c) financial assets held for trading are measured at fair values.

**h) Government Securities**

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Government of Kenya. Treasury bills are stated at face value less the unearned discount on purchase. The discount on purchase is allocated on a straight-line basis over the period to maturity. Treasury bonds are carried as financial assets at fair value through profit or loss.

**i) Financial Liabilities**

After initial recognition, the Scheme measures all financial liabilities other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

**j) Foreign Currencies**

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies during the year are translated at the rates ruling at the dates of those transactions. Gains and losses on exchange are dealt with in the statement of changes in net assets available for benefits.

**k) Comparatives**

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

**2 Critical Accounting Estimates and Judgements in Applying the Scheme's Accounting Policies**

In the process of applying the Scheme's accounting policies, trustees have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

***i) Held to Maturity Investments***

The Scheme follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Scheme evaluates its intention and ability to hold such investments to maturity. If the Scheme fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

**iii) Credit Risk**

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments and deposits with banks. As part of the credit risk management system, the investment manager and the Trustees monitor and review information on significant investment. The Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record. The credit risk for liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by the regulator. For other investments the Trustees ensure that the issuers of the investments have been assessed so as to reduce the risk of non-recoverability of the amounts invested as well as the interest accrued on the same.

The amount that best represents the Scheme's maximum exposure to credit risk at 30th June is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Securities (Treasury Bills & Bonds)	2,217,658,153	2,159,017,741
Term Deposits	279,252,505	183,000,000
Bank Balance	<u>15,910,294</u>	<u>19,332,921</u>
	<b><u>2,512,820,951</u></b>	<b><u>2,361,350,662</u></b>

None of the above financial assets are past due or impaired. There is no collateral held against these assets. There are no concentration risks as the investments are diversified.

**b) Liquidity Risk**

The Scheme is required to make periodic payment in respect of pension payments when members retire from the Scheme, and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Scheme's liquidity on a regular basis and the trustees review it on a quarterly basis.

**c) Fair Value Hierarchy**

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
<b>30th June 2023</b>					
At Fair Value Through Profit/Loss					
Offshore Investments				118,165,608	118,165,608
Corporate Bonds			20,702,026		20,702,026
Quoted Equity	499,819,763	-	-	-	499,819,763
Treasury Bills & Treasury Bonds	-	2,217,658,153	-	-	2,217,658,153
Fixed and Time Deposits	-	-	<u>281,126,317</u>	-	<u>281,126,317</u>
	<b><u>499,819,763</u></b>	<b><u>2,217,658,153</u></b>	<b><u>281,126,317</u></b>	<b><u>118,165,608</u></b>	<b><u>3,137,471,866</u></b>

**Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and

**Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

***ii) Impairment Losses on Financial Assets***

At the end of each reporting period, the Scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the income statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

**3 Financial Risk Management Objectives and Policies**

The Scheme generates revenues 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 minimise 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 derivative and non-derivative financial instruments and investing excess liquidity. The Scheme also follows guidelines issued by the Retirements Benefits Authority in respect of maximum investment in different types of investments.

**a) Market Risk**

**Foreign Exchange Risk**

The Scheme is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Scheme invests internationally and is exposed to foreign exchange risk arising primarily with respect to the US dollar. Foreign exchange risk arises from investment in offshore investments. The Scheme currency risk is evaluated as low because the foreign investments are long term and any currency losses are expected to be recouped through interest income earned and which comprises the value of the Scheme. The Scheme manages foreign exchange risk by limiting offshore investments to strategic range of 15% of total portfolio.

***i) Price Risk***

The Scheme is exposed to equity securities price risk because of investments in quoted shares classified at fair value through profit and 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 diversifies 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 of varying maturities. Diversification of the portfolio is done in accordance with resolutions passed on investments during quarterly trustees meetings. All quoted shares held by the Scheme are traded on the Nairobi Securities Exchange (NSE).

***(ii) Interest Rate Risk***

The Scheme's interest-bearing assets are investments in treasury bonds, corporate bonds, treasury bills, commercial paper and fixed deposits. These instruments are at fixed interest rates.

The nature of financial instruments held, that is, fixed interest instruments mitigates risk exposure of the Scheme. Fluctuations in interest rates will have an insignificant effect on the Scheme.

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

	2023 Kshs	2022 Kshs
<b>2 CONTRIBUTIONS</b>		
Employers Contributions	125,780,685	125,837,053
Members Contributions	62,914,333	63,587,817
Voluntary Contributions	<u>1,499,000</u>	<u>1,543,000</u>
	<b><u>190,194,018</u></b>	<b><u>190,967,870</u></b>
<b>3 Transfers from Schemes of previous Employers</b>	<b><u>3,022,839</u></b>	<b><u>1,158,350</u></b>
<b>4 BENEFITS</b>		
Benefits Paid and Payable	<u>322,605,828</u>	<u>106,331,317</u>
	<b><u>322,605,828</u></b>	<b><u>106,331,317</u></b>
<b>5 INVESTMENT INCOME</b>		
Interest on Term Deposits	26,761,431	4,260,592
Interest on Treasury Bills	3,327,819	16,846,097
Interest on Corporate Bonds	2,491,125	1,664,141
Interest on Treasury Bonds	278,924,625	261,886,413
Dividends Income	<u>44,006,053</u>	<u>30,335,240</u>
	<b><u>355,511,053</u></b>	<b><u>314,992,483</u></b>
<b>6 INVESTMENT MANAGEMENT EXPENSES</b>		
Management Expenses	7,228,087	7,501,250
Custody Fees	<u>4,235,130</u>	<u>4,311,017</u>
	<b><u>11,463,217</u></b>	<b><u>11,812,267</u></b>
<b>7 ADMINISTRATIVE EXPENSES</b>		
Administrator's Fees	2,320,000	2,320,000
RBA Levy	3,910,822	3,888,160
Trustee Training Expenses	1,940,460	1,582,380
Trustee Travelling and Accommodation	2,594,620	1,569,765
Trustee Allowances	2,079,460	4,392,394
Audit Fees	290,000	120,000
Bank Charges	45,491	42,955
Member AGM Expenses	2,288,540	2,131,675
Members Education Expenses	4,000	1,640,483
Secretariat Staff Salaries	4,381,441	4,767,781
Travelling and Accommodation	503,350	745,974
Transport Expenses	1,001,948	716,186
Stationery and Printing	85,678	238,310
Publications	268,800	125,000
Depreciation	456,156	575,248
Consultancy Fees	-	550,000
Strategic Plan Expenses	616,000	
Association of Retirement Benefits Scheme Subscription	50,000	25,000
Maintenance Expenses	<u>536,760</u>	<u>103,400</u>
	<b><u>23,373,526</u></b>	<b><u>25,534,711</u></b>



**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

**8 TREASURY BONDS**

At fair value through profit and loss

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
At 1st July	2,159,017,741	1,909,276,944
Purchases	593,681,008	696,055,503
Maturity/ Disposals	(425,182,841)	(352,595,943)
Loss on Maturity	(6,450,770)	(5,377,514)
Fair Value Loss	<u>(103,406,985)</u>	<u>(88,341,249)</u>
	<b><u>2,217,658,153</u></b>	<b><u>2,159,017,741</u></b>

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
At 30th June		
Maturing Within one year	1,763,765	-
After one year but within five years	<u>2,215,894,388</u>	<u>2,159,017,741</u>
	<b><u>2,217,658,153</u></b>	<b><u>2,159,017,741</u></b>

**9 TREASURY BILLS**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Held to Maturity		
At 1st July	36,672,181	333,478,274
Purchases	-	36,400,600
Maturity/ Disposals	(36,672,181)	(333,478,274)
Accrued Interest	<u>-</u>	<u>271,581</u>
	<b><u>-</u></b>	<b><u>36,672,181</u></b>

**10 TERM DEPOSITS**

Equity Bank Limited	151,329,863	105,744,110
Co-Operative Bank Limited	35,455,479	68,256,548
KCB Bank	85,087,329	-
I&M Bank	9,253,645	-
NCBA Bank Limited	<u>-</u>	<u>10,078,904</u>
	<b><u>281,126,317</u></b>	<b><u>184,079,562</u></b>

**11 CORPORATE BONDS**

At fair value through profit or loss

Chase Bank Limited	10,000,000	10,000,000
Impairment loss on loss on Chase Bank Limited corporate bond	(10,000,000)	(10,000,000)
East African Breweries Limited	20,702,026	20,702,026
Imperial Bank Limited	10,000,000	10,000,000
Impairment loss on loss on Imperial Bank Limited corporate bond	<u>(10,000,000)</u>	<u>(10,000,000)</u>
	<b><u>20,702,026</u></b>	<b><u>20,702,026</u></b>

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

12 QUOTED EQUITY INVESTMENTS	2022 Kshs	2023 Kshs
The Co-operative Bank Limited	14,088,804	12,587,538
Equity Group Holdings Limited	76,615,362	110,897,688
East African Breweries Limited	14,057,880	70,422,426
KCB Group Plc	61,406,618	81,002,245
Safaricom PLC	235,122,405	267,852,372
Stanbic Holdings PLC	52,398,750	46,511,250
Absa Bank Kenya PLC	29,913,000	29,625,750
MTN Uganda	16,216,944	13,885,498
	<b><u>499,819,763</u></b>	<b><u>632,784,767</u></b>

13 OFFSHORE INVESTMENTS		
1st July	82,013,113	109,126,979
Fair Value Change	<u>36,152,495</u>	<u>(27,113,866)</u>
Market Value at 30th June	<b><u>118,165,608</u></b>	<b><u>82,013,113</u></b>

**14 PROPERTY AND EQUIPMENT**

	Furniture & Office Equipment	Computers	Motor Vehicles	Total
<b>COST</b>				
At 01.07.2021	3,291,532	1,045,580	3,636,356	7,973,468
Additions	-	-	-	-
<b>At 30.06.2022</b>	<b><u>3,291,532</u></b>	<b><u>1,045,580</u></b>	<b><u>3,636,356</u></b>	<b><u>7,973,468</u></b>
At 01.07.2022	3,291,532	1,045,580	3,636,356	7,973,468
Additions	-	-	-	-
<b>At 30.06.2023</b>	<b><u>3,291,532</u></b>	<b><u>1,045,580</u></b>	<b><u>3,636,356</u></b>	<b><u>7,973,468</u></b>
<b>DEPRECIATION</b>				
At 01.07.2021	1,504,055	831,675	2,485,790	4,821,520
Charge for the year	<u>223,435</u>	<u>64,172</u>	<u>287,642</u>	<u>575,248</u>
<b>At 30.06.2022</b>	<b><u>1,727,490</u></b>	<b><u>895,847</u></b>	<b><u>2,773,432</u></b>	<b><u>5,396,768</u></b>
At 01.07.2022	1,727,490	895,847	2,773,432	5,396,768
Charge for the year	<u>195,505</u>	<u>44,920</u>	<u>215,731</u>	<u>456,156</u>
<b>At 30.06.2023</b>	<b><u>1,922,995</u></b>	<b><u>940,767</u></b>	<b><u>2,989,163</u></b>	<b><u>5,852,924</u></b>
<b>NET BOOK BALUE</b>				
At 30.06.2023	<b><u>1,368,537</u></b>	<b><u>104,813</u></b>	<b><u>647,193</u></b>	<b><u>2,120,544</u></b>
At 30.06.2022	<b><u>1,564,042</u></b>	<b><u>149,734</u></b>	<b><u>862,925</u></b>	<b><u>2,576,700</u></b>

**15 CASH AND CASH EQUIVALENTS**

	2023 Kshs	2022 Kshs
Cash at Bank	15,910,294	19,332,921
Term Deposits	<u>279,252,505</u>	<u>183,000,000</u>
	<b><u>295,162,799</u></b>	<b><u>202,332,921</u></b>

For the cash flow statement, cash and cash equivalents comprise of bank balances and deposits held at call with banks maturing within 3 months from the financial year end of the Scheme.

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

<b>16 CONTRIBUTIONS AND OTHER RECEIVABLES</b>	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Contributions due for less than 30 days	15,648,479	16,005,463
Dividends	-	4,191,578
	<u>15,648,479</u>	<u>20,197,041</u>

<b>17 BENEFITS HELD IN TRUST</b>	<b>ANNEX</b>	<b>2023</b>	<b>2022</b>
		<b>Kshs</b>	<b>Kshs</b>
		<u>95,517,433</u>	<u>105,348,373</u>

Benefits held in trust represents investments for benefits held under trust of former members of the Scheme now deceased

<b>18 UNPAID BENEFITS</b>	<b>2023</b>	<b>2022</b>
Amounts due to leaving members	<u>11,180,491</u>	<u>6,923,150</u>

<b>19 ACCRUED EXPENSES AND OTHER PAYABLES</b>	<b>2023</b>	<b>2022</b>
RBA Levy Payable	3,912,848	3,889,240
Fund administration Fees Payable	2,320,000	2,320,000
Secretariat Staff Salaries	2,363,990	2,406,370
Custodial Fees Payable	349,058	343,309
Investment Management Fees Payable	1,807,276	1,880,594
Audit fees Payable	<u>290,000</u>	<u>120,000</u>
	<u>11,043,172</u>	<u>10,959,513</u>

<b>20 NET ASSETS AT END OF THE YEAR</b>	<b>2023</b>	<b>2022</b>
Net Assets at start of the year	3,137,214,494	3,099,021,663
Prior Year Adjustments	907,934	-
Increase in net assets	<u>9,278,364</u>	<u>38,192,831</u>
Net Assets at end of the year	<u>3,147,400,792</u>	<u>3,137,214,494</u>

**21 TAX ON INCOME FROM UNREGISTERED SCHEME**  
Kenya Forestry Research Institute Defined Contribution Staff Retirement Benefits Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income from the registered scheme. Contributions received by the Scheme up to a limit of Kshs 20,000 per employee per month are invested in a registered fund, which is exempted from taxation. The remainder of the contributions is invested in an unregistered fund whose investment income is taxed at the corporation rate of 30%.

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Corporation Tax on income from unregistered Scheme	11,647,372	9,200,587
Balance at start of the year	2,278,895	1,103,343
Tax Provision for the year	11,647,372	9,200,587
Tax paid during the year	<u>(12,399,539)</u>	<u>(8,025,035)</u>
Balance at end of the year	<u>1,526,728</u>	<u>2,278,895</u>

<b>22 NOTE TO THE CASHFLOW STATEMENT</b>	<b>2023</b>	<b>2022</b>
Increase in Fund's Net Assets After Tax	9,278,364	38,192,831
Add back: Tax Expense	<u>11,647,372</u>	<u>9,200,587</u>
Increase in Fund's Net Assets Before Tax	<u>20,925,736</u>	<u>47,393,418</u>

<b>23 PRIOR YEAR ADJUSTMENTS</b>	<b>2023</b>	<b>2022</b>
This relates to unposted bank entries for the periods 2020 to 2022 not posted to the Scheme's books of account as follows:		
Contribution income- FY 2020	12,300	-
Contribution income- FY 2021	580,982	-
Contribution income- FY 2022	514,190	-
Stationery and postage - FY 2020	15,000	-
Trustees expenses - FY 2020	36,753	-
Office expenses - FY 2022	7,161	-
Benefits to retirees - FY 2020	(133,452)	-
AGM and members training expenses -FY 2020	<u>(125,000)</u>	<u>-</u>
	<u>907,934</u>	<u>-</u>

**24 RELATED PARTY TRANSACTIONS**  
Related Parties comprises of the Trustees, the founder, and Companies which are related to the parties through common shareholdings or common directorships. Balances receivable and due from the sponsor, Kenya Forestry Research Institute, in respect of contribution receivable are disclosed in note 16. Administrative expenses are disclosed in note 7.

**25 CONTINGENT LIABILITIES**  
Other than the liability to pay future pensions and other benefits, there were no contingent liabilities to the Scheme as at 30th June 2023 (2022: none)

**26 CURRENCY**  
The financial statements are presented in Kenya Shillings (Kshs)

**KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHI  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)**

**ANNEX 1**

**BENEFITS HELD IN TRUST**

**STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED 30TH JUNE 2023**

**2023  
 Kshs**

**2022  
 Kshs**

**ASSETS**

Treasury Bonds	79,007,724	89,565,795
Corporate Bonds	4,000,000	4,000,000
Term Deposits and Money markets	8,559,007	6,720,318
Bank Balance	<u>4,025,276</u>	<u>5,155,279</u>
	<b><u>95,592,006</u></b>	<b><u>105,441,392</u></b>

**LIABILITIES**

Management Fees Payable	64,762	80,522
Custodian Fees Payable	<u>9,811</u>	<u>12,497</u>
	<b><u>74,573</u></b>	<b><u>93,019</u></b>

<b>NET ASSETS</b>	<b><u>95,517,433</u></b>	<b><u>105,348,373</u></b>
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**REPRESENTED BY:**

<b>Member Balances</b>	<b><u>95,517,433</u></b>	<b><u>105,348,373</u></b>
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KENYA FORESTRY RESEARCH INSTITUTE DEFINED CONTRIBUTION RETIREMENT BENEFITS SCHEME  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023 (CONT'D)

ANNEX 1 (continued)

BENEFITS HELD IN TRUST

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023	2023 Kshs	2022 Kshs
Receipts	6,781,996	20,363,126
Payments	<u>(26,706,391)</u>	<u>(63,140,899)</u>
	<b><u>(19,924,394)</u></b>	<b><u>(42,777,773)</u></b>
<b>INVESTMENT INCOME</b>		
Interest on Treasury Bonds	9,898,729	10,931,477
Interest on Treasury Bills		138,034
Interest on Term Deposits	<u>604,907</u>	<u>517,589</u>
	<b><u>10,503,635</u></b>	<b><u>11,587,100</u></b>
<b>MANAGEMENT EXPENSES</b>		
Management Fees	200,916	253,248
Custody Fees	139,067	170,845
Bank Charges	<u>70,198</u>	<u>66,655</u>
	<b><u>410,181</u></b>	<b><u>490,748</u></b>
Net Investment Income	<u>10,093,454</u>	<u>11,096,352</u>
Decrease in Net Assets	<b><u>(9,830,940)</u></b>	<b><u>(31,681,421)</u></b>