

POSTAL CORPORATION OF KENYA STAFF PENSION SCHEME



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

Matengo & Associates
Certified Public Accountants (K)
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**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Contents	Page
Scheme Information	1
Corporate Governance Statement	2 – 7
Report of the Trustees	8 – 9
Statement of Trustees’ Responsibilities	10
Report of the Independent Auditor	11 – 12
Financial Statements:	
Statement of Changes in Net Assets Available for Benefits	13
Statement of Net Assets Available for Benefits	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 – 33
Appendices	34 – 40

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Scheme Information

Trustees

The Trustees who served during the year and to the date of this report were:

Mrs. Zuleikha Mohamed	- Re-appointed on 17 April 2023
Mr. Moses Mugo Mwai	- Re-appointed on the 14th April 2024
Mr. Joseph Koskei Tele	- Re-appointed on the 14th April 2024
Mr. Weldon Cheruiyot Kirui	- Appointed on 17th April 2023
Ms. Elizabeth Mkandoe Shungula	- Appointed on 11th July 2023
Ms. Pauline Chelimo Tuwei	- Appointed on 15th April 2024

Trust Secretary

CS Elijah K. Koskey

Trust Secretary

Registered Office

Postal Corporation of Kenya
Staff Pension Scheme
9th floor, NHIF Building
P. O. Box 46621 – 00800
Nairobi.

Custodian

Stanbic Bank Limited
3rd floor, Stanbic Centre, Chiromo road
P. O. Box 30550 – 00100
Nairobi.

Investment Manager

Sanlam Investments East Africa Limited
Africa Re Center, 5th floor
Hospital Road, Upper Hill
P. O. Box 67262 - 00200
Nairobi.

Investment Manager

Old Mutual Investment Group (Kenya) Limited
Old Mutual Centre
Junction of Mara and Hospital roads, Upper Hill
P. O. Box 30059 - 00100
Nairobi.

Consulting Actuaries

Zamara Actuaries Administrators & Consultants Limited
Landmark Plaza, 10th Floor, Argwings Kodhek Road
P. O. Box 52439 - 00200
Nairobi.

Principal Banker

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
Chiromo, Level 5, 48 Westlands Road
P. O. Box 40984 - 00100 GPO
Nairobi.

Independent Auditor

Matengo & Associates
Financial & Management Consultants
Applewood Adams 5th Floor, Suite 504 Ngong Road
P. O. Box 67603-00200, Nairobi.
Cell phone: 0723893260/ +254-020-2420016
Email: info@matengo-associates.com
Website: www.matengo-associates.co.ke

Principal Banker

Kenya Commercial Bank Limited
Milimani - Capital Hill Satellite Branch
Nairobi.

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Corporate Governance Statement

1. Trustees in Office

During the financial year under review the following Trustees served in the Board of Postal Corporation of Kenya Staff Pension Scheme.

Name of Trustee	Age	Category (member elected, sponsor nominated or professional)	Number of BOT meetings attended	Certified (Yes / No)	Highest qualification	Membership of other boards
Mrs. Zuleikha Mohamed	61	Sponsor nominated	7	Yes	Bachelors (HRM)	None
Mr. Moses Mugo Mwai	61	Member elected	7	Yes	Diploma	None
Mr. Joseph Tele	59	Member Elected	7	Yes	MBA	None
Mr. Weldon Kirui	42	Sponsor nominated	7	Yes	Bachelors	None
Ms. Elizabeth Shungula	48	Sponsor nominated	5	Yes	MBA	None
Ms. Pauline Tuwei	43	Sponsor nominated	7	Yes	Masters	None

2. Composition of the Board of Trustees

Gender mix	Female:	50%
	Male:	50%
Skills mix	Financial skills:	2
Age mix	Below 35 years of age:	None
	Above 35 years of age:	All

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Corporate Governance Statement (Continued)

3. Board Meetings

The Board of Trustees held seven (7) meetings during the year ending 30 June 2025. The meetings were held on the dates set out hereunder:

Date of meeting	Board members present
Wednesday, 31 July 2024	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei Ms. Elizabeth Shungula
Friday, 27 September 2024	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei Ms. Elizabeth Shungula
Thursday, 7 November 2024	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei
Wednesday, 4 December 2024	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei Ms. Elizabeth Shungula
Thursday, 30 January 2025	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei Ms. Elizabeth Shungula
Monday, 28 April 2025	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei
Thursday, 19 June 2025	Mrs. Zuleikha Mohamed Mr. Moses Mwai Mr. Joseph Tele Mr. Weldon Kirui Ms. Pauline Tuwei Ms. Elizabeth Shungula

Corporate Governance Statement (Continued)

4 Committees of the Board of Trustees

The Board of Trustees has formed three (3) committees to help it deliver its duties effectively. The committees are constituted as follows:

Finance and investments committee

The committee held Four (4) meeting during the year ended 30 June 2025. The Board members who constitute this committee are:

Finance and investments committee	Number of meetings attended
Mr. Weldon Kirui	Four
Ms. Elizabeth Shungula	Four

Audit and risk committee

The committee held two (2) meetings during the year ended 30 June 2024. The Board members who constitute this committee are:

Audit committee	Number of meetings attended
Mr. Joseph Tele	Two
Mr. Moses Mwai	Two
Ms. Pauline Tuwei	Two

Joint administration and communication committee

The committee held Three (3) meetings during the year under review. The Board members who constitute this committee are:

Joint administration and operations committee	Number of meetings attended
Mr. Moses Mwai	Three
Mr. Weldon Kirui	Three

Annual General Meeting

The Board of Trustees held the 2024 Annual General Meeting (AGM) on 15th May, 2025 via a hybrid method comprising Live streaming through Youtube and Facebook platforms. The meeting was used as a forum to communicate all Scheme activities in the financial year and also to sensitize members on the various channels available for getting information and feedback from the Scheme.

Corporate Governance Statement (Continued)

5. Fiduciary Responsibility of the Board of Trustees

The Board of Trustees is the governing body of the Postal Corporation of Kenya Staff Pension 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 the Scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

- a) Acting honestly and did not improperly use inside information or abuse their position;
- b) 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 the circumstances; and
- c) Performing their duties with the requisite degree of skills.

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 Scheme assets and funds are held by the custodian.

6. Responsibility as a Corporate Citizenship

The scheme has participated in socially responsible investment and operations and has not been involved in any activity that may undermine the well-being of the sponsor, members or the community in which it operates.

7. Key Outcomes

The Board of Trustees seeks to achieve the following:

- a) Building trust with the members and sponsor of the Scheme 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's administrative processes remain transparent and accessible to members and the sponsor.

The Board of Trustees has also been sending quarterly reports to the sponsor detailing the activities that have taken place in each quarter.

8. Annual General Meeting

The Board of Trustees held the 2024 Annual General Meeting (AGM) on 15th May 2025 via a hybrid method comprising Live streaming through Youtube and Facebook platforms. The meeting was used as a forum to communicate all Scheme activities in the financial year and also to sensitize members on the various channels available in getting information and also raising their complaints.

Corporate Governance Statement (Continued)

9. Trustees Remuneration Policy

During the year under review, the Trustees were paid a gross sum of Kshs. 5,079,051 as Trustees allowances.

The payment complied with the Trustee Remuneration Policy of the Scheme as consented to by the sponsor on advice of the Scheme Actuary, and was approved by members at the Annual General Meeting held for the year ended 30 June, 2024.

The Board and individual Trustees undertook Board evaluation in the year under review. The Board review process is facilitated externally and the process takes the form of e-board questionnaire.

Approved by the Board of Trustees on 24 September 2025 and signed on its behalf by:



Mrs. Zuleikha Mohamed



Mr. Joseph Tele



Ms. Elizabeth Shungula



Mr. Moses Mwai



Mr. Weldon Kirui



Ms. Pauline Tuwei

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Report of the Trustees

The Trustees present their report together with the audited financial statements for the year ended 30 June 2025.

1. Establishment, Nature and Status of the Scheme

The scheme was established under an irrevocable trust, and is governed by a Trust Deed dated 20 February 2003 and as subsequently amended with deeds of amendment and closure dated 29 January 2011. The scheme commenced operations on 1 January 2002. It is a defined benefit scheme and provides, under the rules of the scheme, retirement benefits for the staff of Postal Corporation Kenya or their nominated beneficiaries. The scheme was closed to new entrants and contributions effective 1 January 2010 and the sponsor set up a new defined contribution scheme for future accrual of benefits effective 1 January 2010 in compliance with the Treasury Circular No. 18 of 2010.

The Accrued (past service) benefits in respect of the scheme's in-service members at the closure date are revalued at the lower of the actual salary increase and a maximum of 3% per annum over the period to retirement or earlier exit from service. In addition, pensions in payment and deferred pensions are entitled to a pension increase of 3% every 3 years.

2. Registration

The scheme is registered under the Retirement Benefits Act (Scheme reference number 01336 and certificate number 155). The Scheme is an exempt approved plan under the Income Tax Act.

	2025	2024
a) Total Members		
Active Members	892	1,015
Deferred Cases	217	224
Dormant Members	108	110
Pensioners/Dependants	2,208	2,169
	3,425	3,518
b) Active Members		
At start of year	1,015	1,068
Adjustment	(20)	55
Dormant	-	(1)
	995	1,122
Less: Retired members who became pensioners	(95)	(103)
Less: Died in service	(8)	(4)
At end of year	892	1,015
c) Pensioners/Dependants		
At start of year	2,169	2,083
Active members who retired	98	103
Less: Deceased pensioners	(50)	(18)
Less: Frozen Pensioners in the Year	(44)	(54)
Widows, widowers & dependants pension becoming payable	63	4
	2,236	2,118
Deferred Members who opted for Pension	1	2
Dormant Members who opted for Pension	1	1
Ceased Pensioners	(50)	(18)
Add: Un-Frozen pensioners	20	66
At end of year	2,208	2,169

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Report of the Trustees (Continued)

d) Deferred Members	2025	2025
At start of year	224	229
Leavers Whose Benefits Were Locked In	5	14
Access of 50%		
With pension	(1)	(2)
Without pension	(11)	(15)
Transfer out to other Schemes	-	(2)
At end of year	217	224
e) Dormant Members		
At start of the Year	110	112
Dormant Members Added	-	1
Dormant Members Paid	-	(2)
Dormant Members No Contributions	(1)	-
Dormant Members Paid with Pension	(1)	(1)
At end of the Year	108	110

Deferred members comprise of those members who have left employment service of the founder and have left all or part of their benefit within the scheme.

3. Financial Review

The statement of changes in net assets available for benefits on page 13 shows an increase in the net assets of the Scheme for the year 2025 of Kshs. 40,404,258 and the statement of net assets available for benefits on page 14 shows the Scheme's net assets as Kshs. 4,785,149,976 (2024: Kshs. 4,803,974,726).

4. Investment of Funds

Under the terms of their appointment, Sanlam Investments East Africa Limited and Old Mutual Investments Group (Kenya) Limited are responsible for the investment of funds. The overall responsibility for investment and performance lies with the Trustees.

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

5. Actuarial Position

The valuation results show that the actuarial value of assets was more than the actuarial value of liabilities in respect of past service benefits for in-service members at the closure date as at 30 June 2024 by Kshs. 14,379,000. The funded ratio for the scheme was 100.30% which is more than the statutory minimum funding requirement of 100% prescribed in the Retirement Benefits Act (minimum funding level and winding up of schemes) Regulations 2000. The next statutory actuarial valuation is due by 30 June 2027.

6. Auditor

The Trustees approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to Statement of changes in net assets available for benefits in the year.

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Report of the Trustees (Continued)

During the year, Matengo & Associates, Certified Public Accountants, were the Scheme’s auditors and have expressed their willingness to continue in office.

For the Trustees



**CS. Elijah K. Koskey
Trust Secretary**

29/9 2025
Date

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Statement of Trustees' Responsibilities

The Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 requires 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 that contributions are remitted to the custodian in accordance with the rules of the scheme. They are also responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free of material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies and making reasonable estimates that are appropriate in the circumstances. The Trustees are also responsible for safeguarding the assets of the scheme.

The Trustees accept responsibility for the audited 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 disposition 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 which may be relied upon in the preparation of financial statements, as well as for safeguarding the assets of the scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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.

Approved by the Board of Trustees on 24 September 2025 and signed on its behalf by:



Mrs. Zuleikha Mohamed



Mr. Joseph Tele



Ms. Elizabeth Shungula



Mr. Moses Mwai



Mr. Weldon Kirui



Ms. Pauline Tuwei



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF POSTAL CORPORATION OF KENYA
STAFF PENSION SCHEME FOR THE YEAR ENDED 30 JUNE 2025**

Opinion

We have audited the accompanying financial statements of Postal Corporation of Kenya Staff Pension Scheme (the Scheme) set out on pages 13 to 33, which comprise the statement of net assets available for benefits as at 30 June 2025, the statements 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 state of financial transactions of the Scheme during the year ended 30 June 2025 and of the disposition at that date of its assets and liabilities in accordance with the International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (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 opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention the following:

- i) Note 13 of the financial statements with respect of allocation of investments of the scheme where investment property is above the limit set out in the Retirement Benefits Act, 1997. This investment category accounts for 65.91% of the total scheme assets.
- ii) The investment property has a low return rate of 3% compared to the other investment categories. The trustees should dispose of the property and reinvest the funds into other investments with better returns.

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 Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

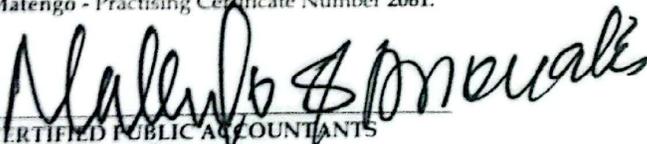
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is **FCPA Meshack Matengo** - Practising Certificate Number 2061.


CERTIFIED PUBLIC ACCOUNTANTS

Date: 29/09/ 2025

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Statement of Changes in Net Assets Available for Benefits

	Notes	2025 Kshs	2024 Kshs
Contributions and benefits			
Transfers in		-	-
Transfers Out		-	-
Less: Payments to and on account of leavers	5	(441,263,437)	(371,805,390)
Net withdrawal from dealings with members		(441,263,437)	(371,805,390)
Return on investments			
Investment income	6	321,012,295	271,368,932
Change in fair value of financial assets	7	230,425,581	(19,012,962)
Change in fair value of investment property	13(a)	(40,036,172)	-
Less: Investment management expenses	8	(33,010,998)	(35,602,761)
Net return on investments		478,390,706	216,753,209
Less: Administrative expenses	9	(77,531,526)	(78,658,547)
Increase/(Decrease) in net assets for the year		(40,404,258)	(233,710,727)
Net assets available for benefits at start of the year		4,803,962,396	5,037,673,123
Prior Year Adjustment	10	21,591,838	-
Net assets available for benefits at end of the year		4,785,149,976	4,803,962,396

Postal Corporation of Kenya Staff Pension Scheme
 Annual Report and Financial Statements
 For the Year Ended 30 June 2025

Statement of Net Assets Available for Benefits

	Notes	2025 Kshs	2024 Kshs
Non-current assets			
Intangible assets	11	125,187	269,996
Property and equipment	12	3,071,592	3,449,673
Investment property	13(a)	3,191,000,000	3,222,354,670
Investments at fair value and amortised cost	13(b)	1,606,243,187	1,537,562,611
		4,800,439,966	4,763,636,949
Current assets			
Accounts receivable	15	65,908,369	47,469,298
Cash and cash equivalents	16	12,123,901	59,404,082
		78,032,270	106,873,380
Current liabilities			
Unpaid benefits and other payables	17	93,322,260	66,547,934
Net current assets		(15,289,990)	40,325,447
Total net assets available for benefits		4,785,149,976	4,803,962,396
Financed by			
Members' balances	18	4,785,149,976	4,803,962,396

The financial statements on pages 13 to 15 were approved by the Trustees on 24 September 2025 and signed on their behalf by:



 Ms. Zuleikha Mohamed



 Mr. Moses Mwai



 Mr. Joseph Tele



 Mr. Weldon Kirui



 Ms. Elizabeth Shungula



 Ms. Pauline Tuwei

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Statement of Cash Flows

	Notes	2025 Kshs	2024 Kshs
Cash flows from operating activities			
Transfers in from other schemes	4	-	-
Transfers to other schemes		-	-
Benefits paid		(425,845,100)	(402,587,094)
Administrative expenses paid		(32,897,341)	(58,333,345)
Net cash used in operating activities		(458,742,441)	(460,920,438)
Cash flows from investing activities			
Investment income received		253,147,076	292,572,160
Investment management expenses paid		(33,682,454)	(35,860,811)
Purchase of intangible assets	11	-	(109,852)
Purchase of property and equipment	12	-	(723,278)
Capital expenditure on investment property	13(a)	-	-
Purchase of quoted equities	13(b)	-	-
Purchase of treasury bonds	13(b)	(63,753,595)	(202,026,633)
Purchase of treasury bills	13(b)	-	-
Treasury bills maturing within 90 days	16	-	-
Purchase of offshore investments	13(b)	-	(36,739,599)
Sale of quoted equities	13(b)	31,169,298	83,999,208
Sale of treasury bonds	13(b)	178,439,413	165,948,112
Sale of treasury bills	13(b)	-	28,568,600
Sale of corporate bonds	13(b)	-	-
Sale of offshore investments	13(b)	12,993,460	35,799,391
Net cash generated from investing activities		378,313,199	331,427,298
Net movement in cash and cash equivalents		(80,429,242)	(129,493,140)
Cash and cash equivalents at start of year		230,253,960	359,611,380
Cash and cash equivalents at the end of year	16	149,824,718	230,118,240
Cash and cash equivalents			
Bank balances	15	12,123,901	59,404,082
Fixed and time deposits maturing within 90 days	15	137,700,817	170,714,159
Cash and cash equivalents at the end of year	16	149,824,718	230,118,240

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

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

a) Basis of Preparation

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

The financial statements summarise 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 the end of the scheme year.

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

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- 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 prices) or indirectly (i.e. derived from prices).
- 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).

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

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

b) New and Revised Standards

i) *Adoption of new and revised standards already effective*

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1st July 2021 and have been adopted by the Scheme. Neither the Amendments nor the Interpretation has had an effect on the Scheme's financial statements, but the new Standard has had an impact, as follows:

IFRS 16: Leases

From 1st January 2019, to comply with IFRS 16, Leases, which replaced IAS 17, Leases, the Scheme now recognises lease liabilities relating to leases under which the Scheme is the lessee that had previously been classified as operating leases (other than leases with less than 12 months to run from 1st January 2019 and leases of low value items). Such liabilities have been measured at 1st January 2019 at the present value of the remaining lease payments discounted using the Scheme's incremental borrowing rate as at 1st January 2019. Corresponding right-of-use assets have been recognised, measured as if the Scheme's new accounting policy had been applied since the commencement of each lease but discounted using the Scheme's incremental borrowing rate as at 1st January 2019.

IFRS 9: Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments:

Recognition and Measurements

The Scheme has adopted IFRS 9 Financial Instruments.

IFRS 9 also changes the classification and measurement of financial assets. The category of available-for-sale investments (where fair value changes were deferred in reserves until disposal of the investment) has been replaced with the category of financial assets at Fair Value through Profit and Loss (for most investments) and the category of financial assets at Fair Value through Other Comprehensive Income (for qualifying equity investments).

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

IFRS 9: Financial Instruments (Continued)

Cash and Cash Equivalents

The Scheme held cash and cash equivalents of Kshs 1,420,894,631. The cash and cash equivalents are held and rated on S&P Global Ratings, Fitch and Moody's as below:

Product Group	Rating Agency	Credit Rating	Probability of Default Rates
Treasury Bills	Fitch	B-	0.00%
Treasury Bonds	Fitch	B-	2.09%
Fixed & Call Deposits	Fitch	B	2.55%
Cash Balances	Fitch	B+	1.56%
Corporate Bond	Fitch	A+	66.69%
Grand Total			5.54%

Product Group	Exposure Amount (Kshs)	Probability of Default Rates	Loss given Default (Exposure X Probability of Default)
Treasury Bills	-	0.00%	-
Treasury Bonds	1,252,426,717	2.09%	26,190,340
Fixed & Call Deposits	138,127,540	2.55%	3,845,435
Cash Balances	12,565,036	1.56%	269,361
Corporate Bond	17,775,339	66.69%	10,004,313
Grand Total	1,420,894,631	5.54%	40,309,449

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Corporation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

ii) *New and revised standards and interpretations in issue but not yet effective*

At the date of authorization of these financial statements, various new and revised standards and interpretations became effective. Where applicable to the scheme, the trustees have assessed the potential impact of the new and revised standards and interpretations and expect that they will not have a significant impact on the scheme's financial statements For the Year Ended 30 June 2025.

iii) *Early adoption of standards*

The Scheme did not early adopt any new or amended standards in year ended 30 June 2025.

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

b) Contributions and Benefits

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

c) Interest Income

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

d) Dividend Income

Dividend income from investments is recognised when the Schemes' rights to receive payment have been established.

e) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Kenya Shillings on rates of exchange ruling at the end of reporting period. Transactions during the year which are expressed in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets.

f) Taxation

The Scheme is a registered pension scheme and is, therefore, exempt from tax on investment income arising from tax exempt contributions. Investment income from taxable contributions is taxed at the prevailing corporate tax rates.

g) Quoted Investments

Quoted investments are classified as fair value through profit or loss and are stated at market values as at 30 June 2023.

For financial instruments traded in an organised financial market, fair value is determined by reference to quoted market prices.

h) Government Securities

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Government of Kenya.

Treasury bills are classified as held to maturity and are stated at amortised cost while treasury bonds are classified as fair value through profit or loss and are stated at fair value.

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

i) Corporate bonds

Corporate bonds are classified as fair value through profit or loss and are stated at fair value.

j) Off-shore investments

Offshore investments are translated into Kenya Shillings at the exchange rate ruling on 30 June 2023. These investments are classified as fair value through profit or loss and are stated at market value.

k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, treasury bills maturing within three months from date of acquisition and term deposits.

l) Financial instruments

Financial assets and liabilities are recognised when the scheme becomes a party to the contractual provisions of the instrument.

i) Receivables

Receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently re-measured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

ii) Financial assets at fair value through profit or loss (FVTPL)

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 recognised 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. Interest earned whilst holding held for trading investments is reported as interest income.

Notes to the Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

iii) Held to Maturity Investment

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.

Amortised 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 recognised in the statement of changes in net assets.

iv) Available for Sale Financial Assets

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices are classified as available for sale and are initially recognised at cost. These investments are subsequently re-measured to fair value, based on quoted bid prices or amount derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using effective interest method, and foreign exchange gains and loss on monetary assets which are recognized in profit or loss. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of changes in net assets.

m) Impairment

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 recognised in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

Notes to the Financial Statements (Continued)

2. Critical Accounting Estimates and Judgements in Applying the Accounting Policies

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

Held to maturity investments

The Scheme classifies 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.

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 recognised in the 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 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 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.

Notes to the Financial Statements (Continued)

3. Financial Risk Management Objectives and Policies (Continued)

a) Market risk

i) Foreign exchange risk

The Scheme operates mainly within Kenya and its assets and liabilities are reported in the local currency. The Scheme also invests internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD dollar. Foreign exchange risk arises from investment in offshore investments.

The Scheme's evaluation of currency risk is low because the funds are held for a long-term period and any currency losses are expected to be recouped through interest income received and which comprises the value of the fund. The investment manager manages foreign exchange risk by limiting offshore investments to strategic range of 15% of total portfolio.

ii) 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).

b) 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.

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

3. Financial Risk Management Objectives and Policies (Continued)

b) Credit risk (continued)

The amount that best represents the Scheme's maximum exposure to credit risk at 30 June 2025 is made up as follows:

	2024	2023
	Kshs	Kshs
Government Securities	1,246,673,855	1,176,813,557
Fixed and Time Deposits	137,700,817	170,714,159
Bank Balances	12,123,901	59,404,082
Corporate Bonds	7,745,415	7,529,192
	1,404,243,988	1,414,460,989

There is no collateral held against these assets. There are no concentration risks as the investments are diversified.

c) 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.

The undiscounted liabilities payable after year end were:

	2025	2024
	Kshs	Kshs
Unpaid Benefits and Other Payables	35,659,387	20,241,049

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

	2025	2024
	Kshs	Kshs
4 Transfers in		
Receipts from other schemes	-	-
<p>This represents amounts received from PCK SPF (in liquidation) in respect of upgraded members.</p>		
5 Benefits paid and on account of leavers		
Lumpsum retirement benefits	128,682,382	71,520,190
Monthly pensions	312,581,055	300,285,200
Death benefits	-	-
	441,263,437	371,805,390
6 Investment income		
Dividends from quoted equities	16,445,065	15,179,285
Interest on term deposits	15,044,641	36,077,804
Interest on treasury bonds	165,593,282	159,818,858
Interest on corporate bonds	936,677	929,873
Discount on treasury bills	798,882	2,311,991
Rental income	91,730,635	78,360,767
Service charge	15,711,980	12,739,877
Rebate commission	-	19,398
Miscellaneous income	406,801	467,227
Gain on sale of quoted equities	1,331,271	(17,213,621)
Loss on sale / maturity of treasury bonds	11,712,344	(8,167,948)
Gain on sale of Off-Shore Investments	1,300,718	-
Forex Deposits Realised Capital Loss / Gain	-	(1,040,085)
Gain on sale of corporate bonds	-	(8,114,493)
	321,012,295	271,368,932
7 Change in fair value of financial assets		
Fair value (loss) / gain on quoted equities	64,551,749	6,752,738
Fair value loss on treasury bonds	163,671,605	(19,669,234)
Fair value (loss) / gain on offshore investments	2,379,503	(6,067,759)
Fair value gain on corporate bonds	-	18,244
Decrease / (increase) in provision (IFRS 9)	(177,277)	(46,951)
	230,425,581	(19,012,962)
8 Investment management expenses		
Residential investment property expenses	6,974,517	5,905,591
Commercial investment property expenses	21,726,725	23,393,164
Management fees	3,029,932	4,493,757
Custody fees	1,279,824	1,810,250
	33,010,998	35,602,761

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

	2025	2024
	Kshs	Kshs
9 Administrative expenses		
Staff costs	18,618,263	15,189,447
Actuarial fees	1,867,207	873,600
Audit fees	489,743	442,850
RBA levy	5,000,000	5,000,000
Trustee allowances and expenses	5,079,051	5,340,121
Members annual general meeting expenses	910,095	1,700,566
Office rent, service charge and car parking fees	3,520,335	2,907,033
Subscriptions and annual licences	881,579	1,181,112
Insurance	939,762	1,391,610
Training and development	146,999	-
Legal fees	1,246,286	13,209
Printing and stationery	163,901	154,939
Motor vehicle running costs	92,561	189,943
Travel and subsistence	1,260,486	1,978,379
Advertising	-	171,707
Bank and other transaction charges	2,713,073	2,239,631
Journals and periodicals	42,155	44,530
Office equipment repairs and maintenance	198,621	58,399
Depreciation on property and equipment	886,735	740,526
Amortisation of intangible assets	144,809	27,076
Other administrative expenses	456,789	582,567
IFRS 9 consultancy fees	300,000	250,000
Customer service	987,153	-
Procurement & Disposal Services	10,727	52,835
Increase in provision for doubtful debts	31,575,196	38,128,465
	77,531,526	78,658,547
10 Prior year adjustments	21,591,838	-
The prior year adjustment arose as a result of understatement of investment balances in the year ended 30 June 2024.		
11 Intangible assets		
Cost		
At start of the year	25,252,489	25,142,637
Additions	-	109,852
At end of the year	25,252,489	25,252,489
Amortisation		
At start of the year	24,982,493	24,931,246
Charge for the year	144,809	51,247
At end of the year	25,127,302	24,982,493
Net book value	125,187	269,996

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

12 Property and equipment

	Motor vehicles Kshs	Furniture and fittings Kshs	Office Equipment Kshs	Computers Kshs	Total Kshs
Cost/ valuation					
At 1 July 2023	9,623,445	8,331,914	1,632,147	12,801,913	32,389,419
Additions	-	-	723,278	1,423,200	2,146,478
At 30 June 2024	9,623,445	8,331,914	2,355,425	14,225,113	34,535,897
At 1 July 2024	9,623,445	8,331,914	2,355,425	14,225,113	34,535,897
Additions	-	-	146,134	362,520	508,654
At 30 June 2025	9,623,445	8,331,914	2,501,559	14,587,633	35,044,551
Depreciation					
At 1 July 2023	8,304,085	8,033,070	1,237,747	12,109,746	29,684,648
Charge for the year	660,319	44,145	215,359	481,754	1,401,577
At 30 June 2024	8,964,404	8,077,215	1,453,106	12,591,500	31,086,225
At 1 July 2024	8,964,404	8,077,215	1,453,106	12,591,500	31,086,225
Charge for the year	353,468	23,677	160,441	349,150	886,735
At 30 June 2025	9,317,872	8,100,892	1,613,547	12,940,650	31,972,960
Net book value					
At 30 June 2025	305,573	231,022	888,013	1,646,983	3,071,592
At 30 June 2024	659,041	254,699	902,319	1,633,613	3,449,673

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

13 (a) Investments	Value as at 1st July Kshs	Capital expenditure Kshs	Market value gain Kshs	Value as at 30 June Kshs
Year ended 30 June 2025				
IR18339 - L.R. 1870/VI/270 to 305: - Lantana Rd	1,160,000,000	-	(175,432,099)	984,567,901
IR18339 - L.R. 1870/VI/268 to 269: - Lantana Rd	136,000,000	-	(20,567,901)	115,432,099
Nrb/Block 23/251/2 to 233: - Likoni Lane	370,000,000	-	15,000,000	385,000,000
Voi/Block 1956/197	6,000,000	-	6,000,000	6,000,000
LR No. Msa Block XXIV/113 and XXIV/114	1,230,354,670	8,681,502	40,963,828	1,280,000,000
Ronald Ngala PO - 209/2300	320,000,000	-	100,000,000	420,000,000
Total	3,222,354,670	8,681,502	40,036,172	3,191,000,000
	Value as at 1st July Kshs	Capital expenditure Kshs	Market value gain Kshs	Value as at 30 June Kshs
Year ended 30 June 2024				
IR18339 - L.R. 1870/VI/270 to 305: - Lantana Rd	1,160,000,000	-	-	1,160,000,000
IR18339 - L.R. 1870/VI/268 to 269: - Lantana Rd	136,000,000	-	-	136,000,000
Nrb/Block 23/251/2 to 233: - Likoni Lane	370,000,000	-	-	370,000,000
Voi/Block 1956/197	6,000,000	-	-	6,000,000
LR No. Msa Block XXIV/113 and XXIV/114	1,230,000,000	-	354,670	1,230,354,670
Ronald Ngala PO - 209/2300	320,000,000	-	-	320,000,000
Total	3,222,000,000	-	354,670	3,222,354,670

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

	Value as at 1st July Kshs	Additions at cost Kshs	Disposals proceeds Kshs	Gain / (loss) on disposal Kshs	Accrued interest adjustment Kshs	IFRS 9 provision movement Kshs	Fair value change Kshs	Value as at 30 June Kshs
Year ended 30 June 2025								
Quoted equities	195,515,661	-	(31,169,298)	1,332,271	-	-	64,445,304	230,230,383
Treasury bonds	1,200,083,126	63,753,595	(178,439,413)	11,712,344	-	5,752,743	162,047,004	1,246,673,855
Treasury bills	(0)	-	-	-	-	-	-	-
Corporate bonds	7,639,053	-	-	-	-	76	18,954	7,775,415
Offshore investments	26,958,271	-	(12,993,460)	1,300,718	-	-	2,379,503	17,651,557
	1,430,196,109	63,753,595	(222,602,172)	14,345,332	-	5,752,819	228,890,765	1,502,331,209
Fixed and time deposits	170,714,159	1,020,197,000	1,052,045,000	-	920,540	(426,723)	-	137,700,817
	1,600,910,268	1,083,950,595	829,442,828	14,345,332	920,540	5,326,096	228,890,765	1,640,032,025
								(33,788,838)
								1,606,243,187
Year ended 30 June 2024								
Quoted equities	272,762,130	-	(83,999,208)	(17,213,620)	-	-	6,752,738	195,515,661
Treasury bonds	1,184,176,147	202,026,633	(165,948,112)	(8,167,948)	-	(1,547,712)	(19,669,234)	1,200,083,126
Treasury bills	29,633,969	-	(28,568,600)	-	-	(698,089)	-	(0)
Corporate bonds	7,727,517	-	-	-	-	-	18,244	7,639,053
Offshore investments	32,092,346	36,739,599	(35,799,391)	8,114,493	-	-	(6,067,810)	26,958,271
	1,526,392,109	238,766,232	(314,315,311)	(17,267,074)	-	(2,245,801)	(18,966,062)	1,430,196,109
Fixed and time deposits	281,942,569	2,356,967,953	(2,467,156,953)	-	(1,659,158)	(2,356,966)	-	170,714,159
	1,808,334,679	2,595,734,185	(2,781,472,264)	(17,267,074)	(1,659,158)	(4,602,767)	(18,966,062)	1,600,910,268
IFRS 9 Provision								(63,347,657)
								1,537,562,611

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

14 Investments allocation	Amount Kshs	Portfolio percentage	RBA limit percentage
Offshore investments	17,651,557	0.37%	15.00%
Cash balances	12,123,901	0.25%	5.00%
Fixed and call deposits	137,700,817	2.85%	30.00%
Local and regional quoted equities	230,230,383	4.76%	70.00%
Kenya government securities	1,246,673,855	25.78%	90.00%
Investment property	3,191,000,000	65.99%	30.00%
	4,835,380,512		

15 Accounts receivable	2025 Kshs	2024 Kshs
Rent Income Receivable		
- Due from Postal Corporation of Kenya	326,953,316	320,211,282
- Due from Other Tenants	60,897,627	21,875,447
Less: Provision for Impairment	(364,645,528)	(333,070,332)
	23,205,415	9,016,397
Dividend income receivable	4,701,614	5,201,834
Due from PCK Staff Retirement Benefits Scheme	29,782,050	25,209,928
Other Receivables	8,219,290	8,041,139
	65,908,369	47,469,298

The Trustees have reviewed the collectability of accounts receivable and determined that a credit risk arises from rent receivable. In view of this, the Trustees have made a provision for the portion of receivables whose recovery is in doubt.

Provision for impairment losses is identified by long outstanding balances which the Trustees consider as uncollectable. Long outstanding balances identified from such analyses are considered for inclusion in the allowance for doubtful debts. The Scheme uses the International Financial Reporting Standard (IFRS 9) impairment model for providing for expected credit losses (ECLs).

Postal Corporation of Kenya
Staff Pension Scheme Annual Report and Financial Statements
For the Year Ended 30 June 2025

Notes to the Financial Statements (Continued)

	2025	2024
	Kshs	Kshs
16 Cash and bank balances		
Custodial account	4,442,937	151,050
Rent and operating accounts	7,786,734	59,445,373
Cash at hand	518,144	254,296
IFRS 9 provision	(623,914)	(446,637)
	12,123,901	59,404,082
For purposes of statement of cash flows, cash and cash equivalents comprise of the following:		
Cash and bank balances	12,123,901	59,404,082
Fixed and time deposits maturing within 90 days	137,700,817	170,714,159
	149,824,718	230,118,240
17 Unpaid benefits and other payables		
Unpaid benefits	35,659,387	20,241,049
Rent and utility bills deposits	9,308,610	9,308,610
Audit fees payable	789,744	692,851
IFRS 9 consultancy fees payable	-	-
Tenants refundable deposits	10,281,310	11,200,000
Actuarial fees payable	339,600	556,800
Fund management fees payable	942,763	1,526,862
Custody fees payable	218,551	305,908
RBA levy payable	5,000,000	5,000,000
Penalties payable	-	-
Sundry creditors	30,782,296	17,715,853
	93,322,260	66,547,934
18 Members balances		
At 1st July	4,803,962,396	5,037,673,123
Transfers in	-	-
Transfers out	-	-
Withdrawals for the year	(441,263,437)	(371,805,390)
Investment income	321,012,295	271,368,932
Fair value (loss) / gain on financial assets	230,425,581	252,017,419
Fair value gain on investment property	-	(40,036,172)
Investment management expenses	(33,010,998)	(35,602,761)
Administrative expenses	(77,531,526)	(78,658,547)
At 30th June	4,785,149,976	4,803,962,396

**Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025**

Notes to the Financial Statements (Continued)

19 Contingent Liabilities

i). Case I - Past service members vs. PCK Staff Pension Scheme Trustees

In the year 2017, some members of the scheme whose benefits were transferred from the previous scheme (Kenya Post and Telecommunication Corporation (KP&TC) Pension Scheme), filed a suit with the Retirement Benefits Authority citing that their benefits needed to be computed on the rules and regulations of the Kenya Post and Telecommunication Corporation (KP&TC) Pension Scheme and not Postal Corporation of Kenya Staff Pension Scheme rules and regulations.

The Retirement Benefits Authority directed that the trustees of the scheme to recalculate the benefits for the concerned members using KP&TC Pension Scheme, TelePosta Pension Scheme and PCK Staff Pension Scheme rules and regulations respectively based on the years of service under each employer and make the necessary adjustments.

Upon re-computation of the benefits based on the Retirement Benefits Authority directive, it emerged that the benefits paid to the concerned members were overstated and not understated as was initially thought. This scenario has been communicated to the Retirement Benefits Authority. However, the matter has not been concluded and the financial impact on the Scheme (if any exists) has not been determined.

ii). Case II - Maringo KP&TC Estate owners vs. PCK Staff Pension Scheme Trustees

The Trustees of the Scheme have a law suit in court with owners of Maringo KP&TC Estate in relation to disputed unpaid land rent and rates and the matter is ongoing. No liability has been recognised in these financial statements since in the opinion of the trustees the scheme has no legal standing to cater for the land rent and rates of the said estate. The lawyers however estimate that if the claimants succeed with the litigation, the likely liability would be Kshs. 5,000,000 in legal costs which may be awarded by the court against the scheme and a further Kshs. 5,000,000 which may be awarded against the scheme for the unpaid land rent and rates.

20 Related Party Transactions

Related parties comprise of the Trustees, the administrator, Postal Corporation of Kenya (the sponsor) and other schemes set up by the sponsor (Postal Corporation of Kenya Staff Retirement Benefits Scheme and Postal Corporation of Kenya Staff Provident Fund). Receivables and payables as at year end in relation to related parties were as follows:

Related parties comprise of the Trustees, the administrator, Postal Corporation of Kenya (the sponsor) and other schemes set up by the sponsor (Postal Corporation of Kenya Staff Retirement Benefits Scheme and Postal Corporation of Kenya Staff Provident Fund). Receivables and payables as at year end in relation to related parties were as follows:

	2025 Kshs	2024 Kshs
Rent receivable from Postal Corporation of Kenya (note 15)	326,953,316	320,211,282
Due from PCK Staff retirement benefits scheme (note 15)	29,782,050	25,209,928

Notes to the Financial Statements (Continued)

21 Capital Commitments

The Scheme had no capital commitments as at 30 June 2025.

22 Comparatives

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

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Appendices

Appendix I - Regional quoted equities

	Number of shares 1-Jul- 2024 Units	Number of shares Addition s Units	Number of shares (Disposal s) Units	Number of shares 30-Jun- 2025 Units	Market value at 1-Jul-2024 Kshs	Purchase s at cost Kshs	Disposal proceeds Kshs	Realised gain/ (loss) on disposal Kshs	Unrealised market gain/ (loss) Kshs	Market value at 30-Jun- 2025 Kshs
ABSA Bank Kenya Plc Ord 0.50	200,000	-	-	200,000	2,800,000	-	-	-	1,040,000	3,840,000
Diamond Trust Bank Kenya Ltd Ord 4.00	57,570	-	(57,570)	-	2,677,005	-	(2,555,307)	(314,558)	-	-
Equity Group Holdings Plc Ord 0.50	827,500	-	(85,100)	742,400	34,961,875	-	(3,936,678)	341,203	4,936,960	36,303,360
KCB Group Plc Ord 1.00	898,067	-	(88,754)	809,313	28,064,594	-	(3,943,204)	1,169,642	12,422,955	37,713,986
Stanbic Holdings Plc ord.5.00	42,000	-	-	42,000	4,798,500	-	-	-	2,110,500	6,909,000
Standard Chartered Bank Kenya Ltd Ord 5.00	50,114	-	-	50,114	9,722,116	-	-	-	5,299,556	15,021,731
The Co-operative Bank of Kenya Ltd Ord 1.00	1,061,481	-	(314,000) (1,080,189)	747,481	13,480,796	-	(3,931,270)	100,470	3,729,896	13,379,910
KenGen Co. Plc Ord. 2.50	1,080,189	-)	-	2,581,652	-	(2,439,145)	(56,092)	-	-
East African Breweries Ltd Ord 2.00	62,520	-	-	62,520	9,174,810	-	-	-	2,360,130	11,534,940
Safaricom Plc Ord 0.05	5,043,600	-	(822,500) (2,448,113)	4,221,100	87,254,280	-	(14,363,695) (31,169,298)	91,607	32,545,308	0 230,230,427
	9,323,041	-)	6,874,928	195,515,627	-	8)	1,332,271	64,445,304	7

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Appendices (Continued)

Appendix II – Treasury Bonds

	Historical cost 01.07.2024 Kshs	Nominal value 1-Jul-2024 Kshs	Dirty / full mkt value 1-Jul-2024 Kshs	Purchases Cost Kshs	Purchases nominal Kshs	Disposal proceeds Kshs	Disposal nominal Kshs	Realised Gain / (loss) on disposal Kshs	Market Gain / (loss) 30.06.2025 Kshs	Nominal value 30-Jun-2025 Kshs	Dirty / full mkt value 30.06.2025 Kshs
TBOND IFB1/2015/12	19,402,600	4,350,000	4,254,474	-	-	-	-	-	253,396	4,350,000	4,509,184
TBOND FXD1/2019/15	24,708,920	10,000,000	9,498,000	-	-	(10,119,725)	(10,000,000)	1,186,865	-	-	-
TBOND FXD1/2018/25	49,695,860	45,000,000	40,614,930	-	-	-	-	-	5,609,880	45,000,000	46,241,370
TBOND FXD1/2011/20	23,287,518	25,000,000	19,959,450	-	-	-	-	-	3,378,825	25,000,000	23,345,175
TBOND FXD1/2018/20	127,665,084	35,000,000	32,773,895	-	-	-	-	-	5,003,250	35,000,000	37,789,815
TBOND FXD2/2013/15	191,453,189	172,000,000	150,521,672	-	-	-	-	-	30,337,704	172,000,000	180,916,136
TBOND FXD2/2018/10	5,000,000	5,000,000	4,365,760	-	-	(5,101,017)	(5,000,000)	769,602	-	-	-
TBOND FXD1/2018/10	14,128,220	14,000,000	12,662,636	-	-	-	-	-	2,672,054	14,000,000	15,339,576
TBOND FXD1/2017/10	14,910,750	5,000,000	4,763,860	-	-	-	-	-	708,560	5,000,000	5,474,205
TBOND FXD1/2018/15	65,817,650	65,000,000	58,518,525	-	-	-	-	-	7,865,715	65,000,000	66,406,860
TBOND FXD2/2018/15	60,126,800	50,000,000	45,771,300	-	-	(15,226,428)	(15,000,000)	1,894,353	3,817,170	35,000,000	35,869,330
TBOND FXD2/2010/15	10,849,094	10,000,000	9,056,700	-	-	-	-	-	1,017,950	10,000,000	10,077,120
TBOND FXD1/2012/15	108,422,913	20,000,000	17,574,780	-	-	-	-	-	3,134,840	20,000,000	20,715,660
TBOND FXD1/2013/15	72,580,817	35,000,000	30,765,805	-	-	-	-	-	6,001,135	35,000,000	36,777,755
TBOND FXD2/2019/15	42,127,100	40,000,000	36,197,960	-	-	-	-	-	4,304,640	40,000,000	40,516,600
TBOND FXD3/2019/15	62,064,400	62,000,000	56,990,524	-	-	-	-	-	8,108,918	62,000,000	65,120,460
TBOND FXD1/2008/20	56,930,248	25,000,000	22,430,575	1,785,748	2,000,000	-	-	-	4,915,067	27,000,000	29,156,706
TBOND FXD1/2012/20	96,689,337	103,500,000	90,398,142	-	-	-	-	-	9,941,175	103,500,000	100,373,472

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Appendices (Continued)

Appendix II - Treasury Bonds (Continued)

	Historical cost 01.07.2024 Kshs	Nominal value 1-Jul-2024 Kshs	Dirty / full mkt value 1-Jul-2024 Kshs	Purchases cost Kshs	Purchases nominal Kshs	Disposal proceeds Kshs	Disposal nominal Kshs	Realised Gain / (loss) on disposal Kshs	Market Gain / (loss) 30.06.2025 Kshs	Nominal value 30-Jun-2025 Kshs	Dirty / full mkt value 30.06.2025 Kshs
TBOND FXD1/2016/20	49,965,700	52,000,000	51,335,440	8,450,730	10,000,000	-	-	-	10,125,364	62,000,000	70,335,404
TBOND FXD2/2018/20	75,273,770	69,000,000	65,958,411	-	-	-	-	-	9,771,159	69,000,000	75,754,617
TBOND FXD1/2019/20	53,153,844	47,000,000	42,558,406	-	-	-	-	-	6,431,057	47,000,000	49,006,101
TBOND SDB1/2011/30	44,134,000	49,000,000	42,315,126	-	-	-	-	-	5,972,218	49,000,000	48,303,514
TBOND IFB1/2017/7	25,055,450	10,000,000	10,128,510	-	-	(10,000,000)	(10,000,000)	12,290	-	-	-
TBOND IFB1/2016/9	14,416,801	8,223,968	8,342,516	-	-	(8,223,968)	(8,223,968)	17,015	-	-	-
TBOND IFB1/2019/16	19,175,000	20,000,000	18,521,680	-	-	-	-	-	1,690,440	20,000,000	20,218,580
TBOND FXD1/2021/25	131,191,503	24,000,000	22,213,176	-	-	-	-	-	3,446,592	24,000,000	25,668,960
TBOND FXD1/2021/20	50,130,200	50,000,000	47,773,250	-	-	-	-	-	6,367,200	50,000,000	54,158,900
TBOND FXD1/2022/15	46,123,550	33,000,000	32,010,594	-	-	-	-	-	4,925,151	33,000,000	36,948,417
TBOND FXD3/2019/10	14,506,500	15,000,000	13,648,800	-	-	-	-	-	2,301,120	15,000,000	15,954,660
TBOND FXD1/2022/10	25,504,000	25,000,000	23,741,600	-	-	-	-	-	2,670,250	25,000,000	26,421,125
TBOND FXD1/2022/25	5,008,850	5,000,000	4,580,680	8,163,540	9,000,000	(14,167,438)	(14,000,000)	1,557,693	-	-	-
TBOND IFB1/2024/8.5	64,142,930	50,000,000	55,883,300	-	-	(32,704,713)	(30,000,000)	1,252,358	3,173,904	20,000,000	25,606,660
TBOND FXD1/2024/003	61,682,150	50,000,000	55,131,050	-	-	(47,766,535)	(43,500,000)	4,461,123	(431,995)	6,500,000	7,727,707
TBOND FXD1/2023/005	39,406,800	15,000,000	15,727,110	-	-	(14,682,465)	(15,000,000)	114,540	-	-	-
TBOND FXD1/2023/002	20,567,360	20,000,000	21,231,580	-	-	(20,447,124)	(20,000,000)	446,504	-	-	-
TBOND FXD1/2024/010	19,978,555	20,000,000	21,862,820	28,206,937	28,000,000	-	-	-	5,869,175	48,000,000	57,153,888
TBOND IFB1/2023/006.5	-	-	-	5,186,870	5,000,000	-	-	-	589,185	5,000,000	5,896,755
TBOND IFB1/2023/017	-	-	-	9,101,490	10,000,000	-	-	-	1,734,480	10,000,000	11,279,020
TBOND FXD1/2023/010	-	-	-	2,858,280	3,000,000	-	-	-	341,424	3,000,000	3,362,985
TOTAL	2,593,724,194	1,288,073,968	1,200,083,038	63,753,595	67,000,000	(178,439,413)	(170,723,968)	11,712,344	162,047,004	1,184,350,000	1,252,426,717

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Appendices (Continued)

Appendix III - Treasury bills

Reference	Nominal Value	Cost	Accrued Interest	Market Value	Purchases	Purchases	Disposal	Disposal	Market Value
	1-Jul-2024	1-Jul-2024	1-Jul-2024	1-Jul-2024	Nominal Value	Cost	Cost	Proceeds	30-Jun-2025
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
TBILL 2406/364DAYS	-	-	-	-	-	-	-	-	-
TBILL 2550/091DAYS	-	-	-	-	-	-	-	-	-
TBILL 2556/091DAYS	-	-	-	-	-	-	-	-	-
TBILL 2527/364DAYS	-	-	-	-	-	-	-	-	-
Provision for Expected Credit Loss	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Postal Corporation of Kenya Staff Pension Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2025

Appendices (Continued)

Appendix IV - Corporate bonds

	Nominal		Accrued	Dirty/ mkt	Purchas	Purchas	Unrealised	Nominal		Accrued	Dirty/ mkt
	value	Cost	interest	value	es	es	Market (Loss)/	value	Cost	interest	value
	1-Jul-2024	1-Jul-2024	1-Jul-2024	1-Jul-2024	nominal	Cost	Gain/	30-Jun-	30-Jun-	30-Jun-	30-Jun-
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	30-Jun-2025	Kshs	Kshs	Kshs	Kshs
EABL - Fixed medium-term note (12.25%)	7,570,000	7,570,000	50,809	7,639,053	-	-	18,954	7,570,000	7,570,000	168,141	7,775,339
Chase Bank - In receivership	7,000,000	7,000,000	-	-	-	-	-	7,000,000	7,000,000	-	-
Imperial Bank - In receivership	3,000,000	3,000,000	-	-	-	-	-	3,000,000	3,000,000	-	-
	17,570,000	17,570,000	50,809	7,639,053	-	-	18,954	17,570,000	17,570,000	168,141	7,775,339

Appendix V - Offshore investments

	Number	Number	Number	Number	Mkt value	Purchases	Gain/Loss	Unrealised	Market	Market
	of shares	of shares	of shares	of shares	1-Jul-2024	at cost	Realised on	market	price	Value at
	1-Jul-2024	Additions	Disposed	30-Jun-2025	1-Jul-2024	Kshs	Disposal	gain/ (loss)	30-Jun-2025	30-Jun-2025
	units	units	Units	Units	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Franklin U.S Opportunities Fund Class 1 (Acc)	990	-	(990)	-	11,686,432	-	1,300,718	-	11,809	-
Satrix World Equity Tracker Fund	76,211	-	-	76,211	15,271,838	-	-	2,379,503	232	17,651,557
	77,201	-	(990)	76,211	26,958,271	-	1,300,718	2,379,503	12,041	17,651,557