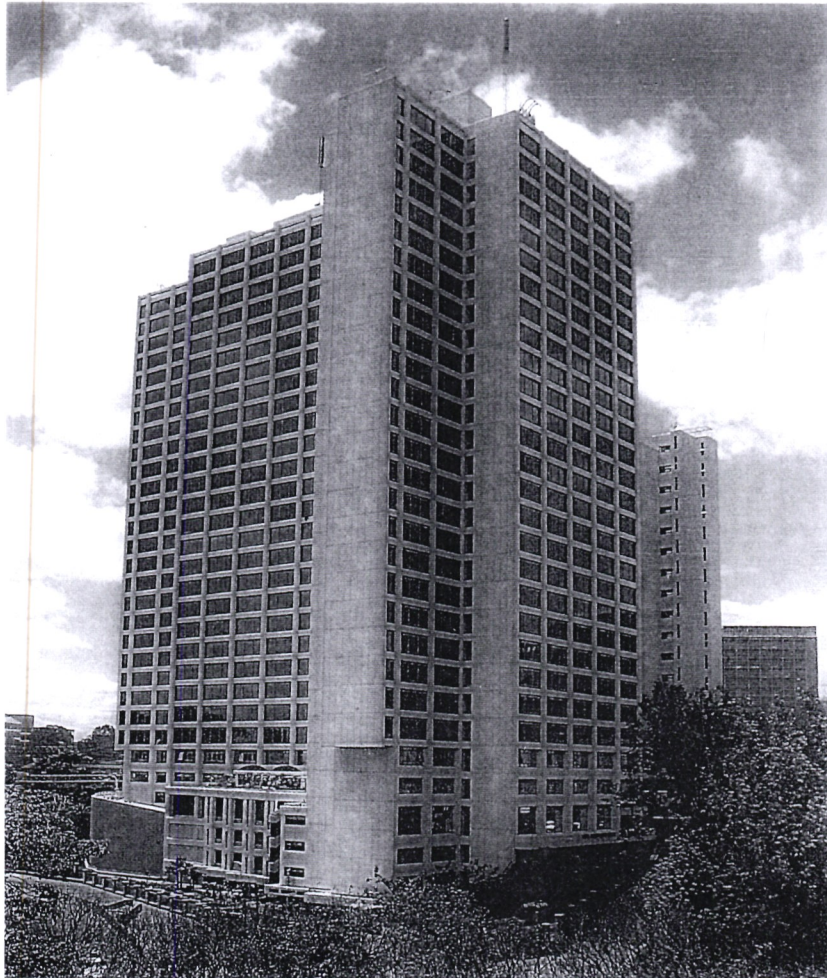


# ANNUAL REPORT & ACCOUNTS 1997/98

Clerk  
Clerk N. A  
Clerk  
P. C. A.



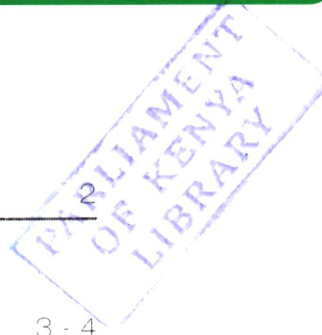
LIAMENYA  
LIBRARY



**NATIONAL SOCIAL SECURITY FUND**

## CONTENTS

Members of the Board of Trustees	
Chairman's Report	3 - 4
Report of the Trustees	5 - 6
Statistical Information	7 - 11
Report of the Auditor	12 - 14
Income and Expenditure Account	15
Balance Sheet	16
Cash Flow Statement	17 - 18
Notes to the Accounts	19 - 33



## MEMBERS OF THE BOARD OF TRUSTEES 1997 - 1998

M. M. J. Kisoso	Chairman
S. S. Boit	Permanent Secretary Office of the President
M. Mwashimba	Permanent Secretary Ministry of Labour and Manpower Development
M. Chemengich	Permanent Secretary Ministry of Finance
J. J. Mugalla	Secretary General - COTU
B. M. Munyao	Deputy Secretary General - COTU
Elijah arap Bii	Chairman - FKE
T. D. Owuor	Executive Director - FKE
D. W. Masika	Managing Trustee (Secretary)

## CHAIRMAN'S REPORT



*M. M. J. Kisoso*

On behalf of the Board of Trustees, I am pleased to present the Fund Annual Report and Audited Accounts for the year ended 30th June, 1998.

The year 1998 saw the Kenyan economy experience one of the most difficult times in the recent past. All key macroeconomic indicators showed a deteriorating trend. Real Gross Domestic Product (GDP) declined by 1.6% in 1998 compared to 2.3% in 1997. Interest rates were high during the year although by the end of the year they had started to decline. Low inflation prevailed most of the year but did not increase investments in the country. Most businesses performed poorly as credit remained expensive. The effects of liberalisation resulted in stiff competition for our local industries from imports. Some companies were forced to close down, thus leading to a reduction on contributions. The property market in the country was depressed as a result of a decrease in demand for houses.

Against this background the performance of the Fund during the year was below expectations, recording a pre-tax deficit of KShs. 3.97 billion compared to a surplus of KShs. 2.54 billion in 1996/97. During the year, the total Assets of the Fund declined by 12.5% to KShs. 46.4 billion, as most of the Fund investments in Treasury and Government Bearer Bonds and Treasury Bills were redeemed to finance investments in real property.

There was a general increase in Benefit Payment due to increased rate of retirement and speedy processing of claims by the Fund.

A total of 962 new employers were registered in 1997/98 compared to 1605 in 1996/97. During the year the number of registered employees was 93,344 compared to 114,310 in 1996/97. Total contributions amounted to KShs. 1.54 billion in 1997/98 compared to KShs. 1.59 billion in 1996/97.

At the same time 44,567 benefit claims worth KShs. 1.62 billion were processed and paid during the year under review compared to 53,147 claims worth KShs. 1.5 billion in 1996/97.

In accordance with its Act, the Fund continued to prudently invest its surplus funds in various sectors of the economy with the primary objective of guaranteeing the security of the members contributions while at the same time making a direct contribution to the economic development of the country. The Fund's investments were therefore spread out in Government securities, Bank deposits, Real Estate and listed securities.

The investment portfolio as at the close of 1997/98 financial year stood at KShs. 46.5 billion comprising of:-

KShs. 2.5 billion in Government Stocks

KShs. 0.4 billion in Nairobi City Council and unquoted securities

KShs. 5.1 billion in Term Deposit with Banks and Financial Institutions

KShs. 31.9 billion in Real Estates

KShs. 6.4 billion Quoted Securities

Arising from reports from our Internal and External Auditors, and taking into account the downturn in the economy, the Board found it prudent to make provisions for foreseeable losses on Housing Projects/Developments for KShs. 3.068 billion, for costs incurred on suspended projects/developments for KShs. 659.6 million, for doubtful investments for 157.3 million, and doubtful debts of KShs. 247.7 million. These general and specific provisions were necessary in order to ensure a sound base for future higher returns. I, however, hasten to add that provisions are not

## CHAIRMAN'S REPORT *(continued)*

write-offs. We hope for improvements in the economy in the near future.

In 1998, we had many changes in the Board. Mr. S. S. Boit joined the Board after being appointed Permanent Secretary, Office of the President, replacing Mr. B. F. Makau who was transferred elsewhere. Mr. J. T. Sabari retired from the Civil Service and was replaced in the Board by Mr. M. Mwashimba who was appointed Permanent Secretary, Ministry of Labour and Manpower Development. Mr. B. K. Kipkulei retired from the Civil Service and was replaced by Ms. Margaret Chemengich as Permanent Secretary, Ministry of Finance and therefore a member of the Board representing the Ministry. Mr. S. Anampiu ceased to be the Chairman of Federation of Kenya Employers and therefore a member of the Board. He was replaced by Mr. Elijah Arap Bii, the new Chairman of Federation of Kenya Employers.

Finally, we look forward to the challenges of operating in a more demanding environment in providing effective and efficient package to workers. I am however confident that the Fund has the capacity in terms of sound financial base and human resources to face the challenges.

I would like to thank the Government, Members of the Board, the Management, Contributors to the Fund and Staff for their full support during the year which has led to the achievements the Fund has realized.

*M. M. J. KISOSO*  
CHAIRMAN

## REPORT OF THE TRUSTEES

We have the pleasure to present the report of the National Social Security Fund and Audited Accounts for the period ended 30th June, 1998.

### **Mission Statement**

The Mission of the Fund is to provide basic social security and welfare support to workers. The basic objective is to provide Social Security in old age. The Fund has continued to pursue this objective through its established departments which perform diverse but co-ordinated functions.

### **Compliance Department**

The department registered 962 employers and 93,344 employees during the year. In the previous year it registered 1,605 employers and 114,301 employees respectively. Through its enforcement activities, a total of KShs. 912,592,940 in contributions was collected from the field offices. Employers defying the requirements of the N.S.S.F. Act faced prosecution. During the year 247 cases were filed in court while 224 cases were settled.

### **Benefits Department**

The department processed benefit claims totalling 44,567 and benefit payments amounting to KShs. 1,619,406,000 during the year. In the previous year 53,147 benefit claims worth KShs. 1,533,129,000 were processed and paid.

### **Computer Department**

This department serves other departments by providing information processing systems for functions such as PayRoll, General Ledger, Computerised Receipting System, Fixed Assets and Members Accounts.

Other systems have been developed according to user departments' needs, for instance, cheque writing. Computer services have been decentralized to field offices so as to process members transactions speedily.

### **Personnel Department**

The Department organised 'Management of Change' seminars and ensured that all staff from various departments at different levels countrywide attended these seminars.

### **Administration Department**

The department organized and provided the common services which enabled other departments perform their duties satisfactorily. These services comprise the following:-

Messengerial, cleaning, telephone, procurement of supplies and disposal of obsolete furniture and equipment, security, provision of tea, transport, provision and maintenance of office machines and equipment.

### **Finance Department**

In the year under review, the department strengthened the remittance and accounting of contributions from area offices.

In addition the exercise of updating members' accounts continued to be taken seriously. The financial report of the Fund is shown elsewhere in this report.

### **Results**

The Fund recorded a net deficit of KShs. 3.975 billion during the year compared to a net surplus of KShs. 2.09 billion in 1997.

## REPORT OF THE TRUSTEES

The decrease in income is attributed to a general decline in the interest on Term Deposits in the money market and massive provisions of anticipated losses on sale of properties and adjustments written off on NBK deposits.

### **Members of the Board**

Mr. J. T. Sabari the Permanent Secretary in the Ministry of Labour and Manpower Development was replaced by Mr. M. Mwashimba the new Permanent Secretary as a member of the Board of Trustees.

Mr. B. F. Makau the Permanent Secretary in the Office of the President was replaced by Mr. S. S. Boit the new Permanent Secretary as a member of the Board of Trustees.

Mr. B. K. Kipkulei the Permanent Secretary in the Ministry of Finance was replaced by Ms. M. Chemengich the new Permanent Secretary as a member of the Board of Trustees.

Mr. S. Anampiu the Chairman F.K.E. was replaced by Mr. Elijah arap-Bii the new Chairman as a member of the Board of Trustees.

### **Auditors**

KPMG Peat Marwick - Certified Public Accountants were reappointed as the authorized auditors of the Fund under Section 29(2) (b) of the Exchequer and Audit Act to audit the 1997/98 financial statements.

**STATISTICAL INFORMATION FOR THE YEAR 1997/98**

**1997/98 Statistical Information (cumulative)**

	REGISTERED EMPLOYERS	REGISTERED EMPLOYEES	STANDARD CONTRIBUTIONS	BENEFIT PAYMENTS	MEMBER SURPLUS	OPERATING SURPLUS	INVESTMENTS
PERIOD	NUMBER	NUMBER	KSHS '000'	KSHS '000'	KSHS '000'	KSHS '000'	KSHS '000'
1997/98	57,240	2,523,247	22,614,094.00	7,768,870.00	51,938,051.00	10,438,643.00	46,473,639.00
1996/97	56,278	2,429,903	21,265,701.00	6,149,464.00	48,541,051.00	14,413,546.00	53,123,764.00
1995/96	54,673	2,315,593	19,868,579.00	4,616,335.00	42,219,796.00	12,321,303.00	48,524,681.00
1994/95	53,240	2,252,234	18,479,375.00	3,564,750.00	36,258,535.00	10,367,474.00	48,936,616.00
1993/94	51,752	2,185,887	17,202,808.00	2,788,025.00	31,012,753.00	6,888,904.00	49,409,175.00

**STATISTICAL INFORMATION FOR THE YEAR 1997/98**

**Details**

<b>Investment Income</b>	<b>Kshs '000'</b>	<b>% of total</b>
Dividends/Interest on Stock	422,176.00	13
Rent	530,571.00	16
Interest & Discounts on Term Deposits	2,283,652.00	70
Other income	42,452.00	1
	<b>3,278,851.00</b>	<b>100</b>

<b>Investments</b>	<b>Kshs '000'</b>	<b>% of total</b>
Land and Building	31,897,035.00	69
Shares in Companies	6,864,504.00	15
Government of Kenya Stocks	2,525,259.00	5.0
Treasury Bonds	-	-
Banks and Financial Institutions	5,186,841.00	11
Treasury Bills	-	-
	<b>46,473,639.00</b>	<b>100</b>

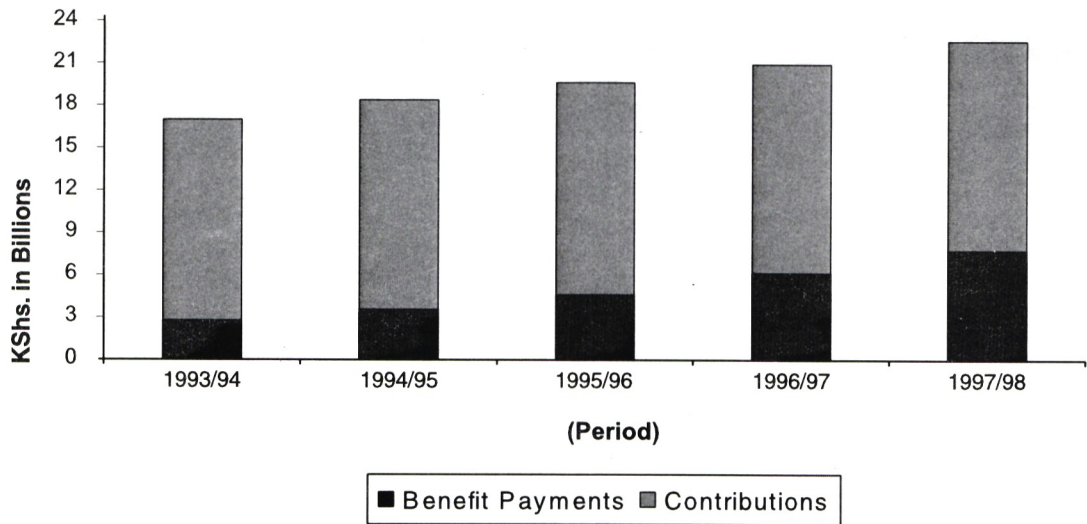
<b>Expenditures</b>	<b>Kshs '000'</b>	<b>% of total</b>
Staff Expenses	1,097,292.00	15
Administrative Expenses	672,198.00	9.3
Depreciation Charge	56,172.00	0.8
Increase in provision for Doubtful Investment	157,314.00	2.2
Provision for foreseeable losses on housing projects	3,068,000.00	42.3
Provision for costs incurred on suspended projects/developments	659,639.00	9.1
Adjustments on Reconciliation of deposits with Banking Institutions	1,295,358.00	17.9
Provision for Doubtful Debts	247,781.00	3.4
	<b>7,253,754.00</b>	<b>100</b>

<b>Benefits Payments</b>	<b>Kshs '000'</b>	<b>% of total</b>
Age	443,401.00	27.4
Survivors	247,707.00	15.3
Invalidity	51,312.00	3.2
Withdrawal	859,319.00	53.0
Emigration	9,369.00	0.6
Refunds	8,298.00	0.5
	<b>1,619,406.00</b>	<b>100</b>

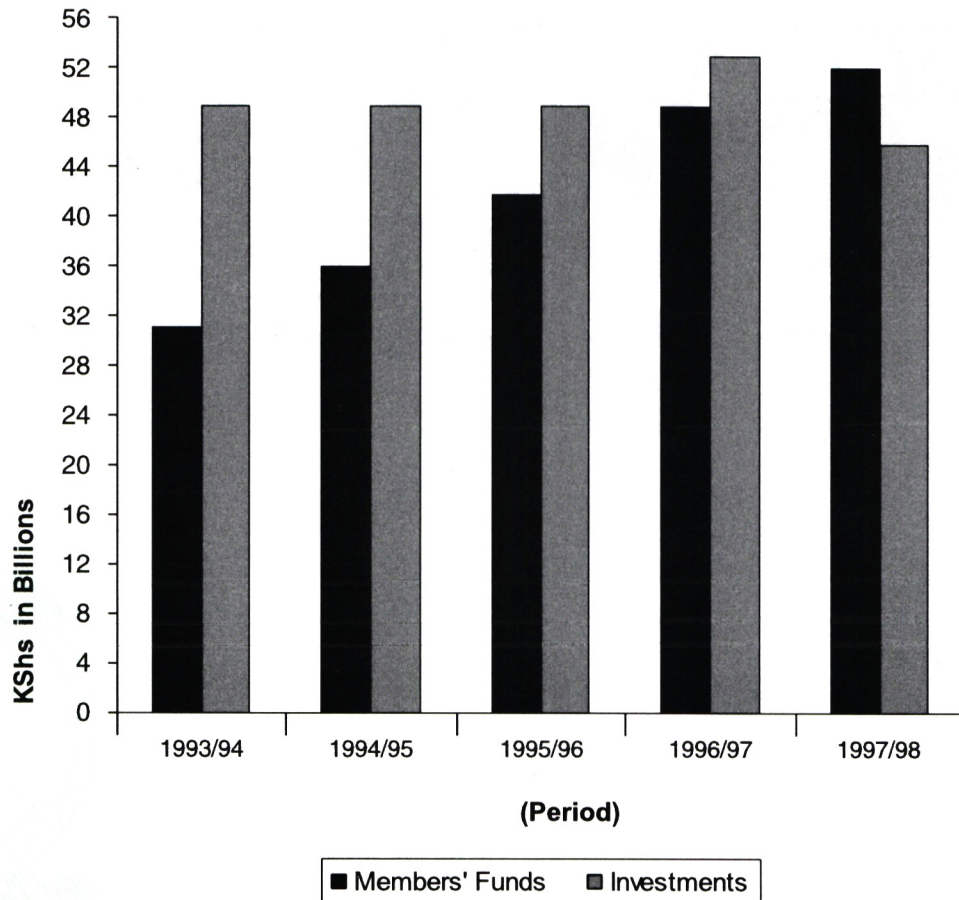


## STATISTICAL INFORMATION

### Contributions and Benefits

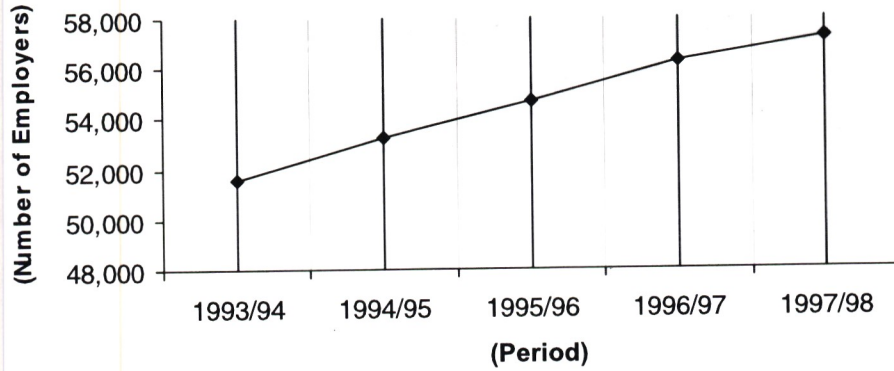


### Members' Fund and Investments

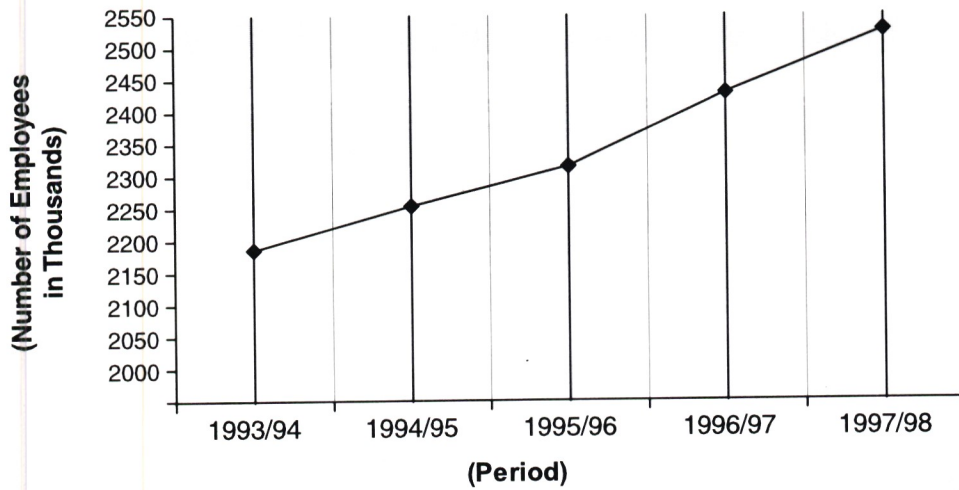


## STATISTICAL INFORMATION

### Registration of Employers

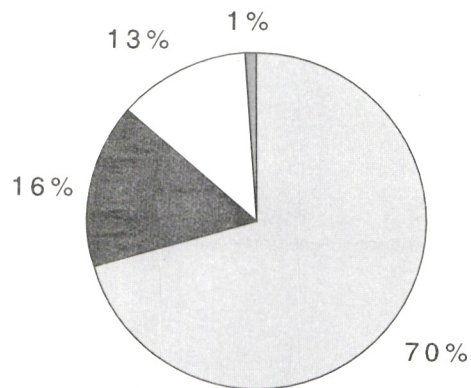


### Registration of Employees



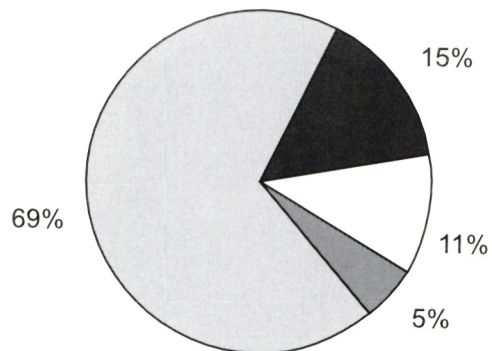
## STATISTICAL INFORMATION

### Investments Income



□ Interest & Discount ■ Rent □ Dividends & Interest on Stock ■ Others

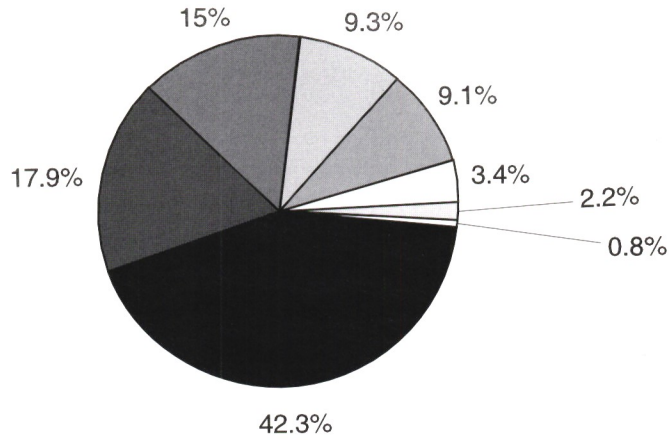
### Investments



□ Land and Buildings  
■ Shares in Companies  
□ Bank and Financial Institutions Deposits  
■ Government of Kenya Stocks

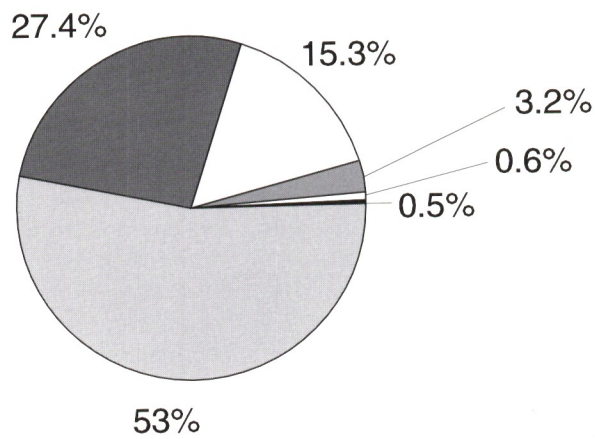
## STATISTICAL INFORMATION

### Expenditure



- Provision for foreseeable losses on housing projects
- Adjustments on Reconciliation of deposits with Banking Institutions
- Staff Expenses
- Administrative Expenses
- Provision for costs incurred on suspended projects/developments
- Provision for Doubtful Debts
- Increase in provision for Doubtful Investment
- Depreciation Charge

### Benefits Payments



- Withdrawals
- Age
- Survivors
- Invalidity
- Emigration
- Refund

## REPORT OF THE AUDITOR GENERAL (CORPORATIONS)

### ON THE ACCOUNTS OF NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE 1998

The accounts of the National Social Security Fund for the year ended 30 June 1998 have been examined on my behalf by the Funds authorized auditors in accordance with section 29(2) (b) of the exchequer & Audit Act (Cap 412). The authorized auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations considered necessary for the purpose of the audit were obtained. The financial statements are in agreement with the books of account.

Except for the matters referred to herebelow, in my opinion, proper books of account have been kept and the financial statements of the Fund give a true and fair view of the state of NSSF's affairs as at 30<sup>th</sup> June 1998 and of the results of its operations and cash flow for the year then ended.

#### 1. FINANCIAL POSITION

The Fund's Income and Expenditure Account for the year reflects a deficit of Kshs. 3,974,903,000 which after allowing for KShs. 3,397,000,000 in respect of interest on members' Funds for the calendar year to 31 December 1997, brings the accumulated deficit to Kshs. 9,388,631,000 as at 30 June 1998. In view of the deficit no consideration was given in the accounts for interest on members' funds for the year 1998 as required under section 19(2) and (3) of the NSSF Act.

#### 2. RECOVERY OF SERVICE CHARGE

As pointed out in the previous year's report, the expenditure for that year, included under-recovery of service charge. In the year under review, electricity, Water and Conservancy expenses include an amount of Kshs 133,840,000 arising due to under-recovery of service charge in several of the Fund's rented properties. Although the Fund's management has explained that service charge rates have been adjusted where appropriate, it is noticeable that the outstanding money may never be recovered.

#### 3. MANAGEMENT OF CASH

It was pointed out in the previous year's report that the arrangement where funds are normally transferred in round sums to KCB expenditure bank account in order to provide for daily working capital requirements, did not work well and resulted in KCB expenditure accounts balance being overdrawn on several occasions leading to NSSF losing interest and incurring bank charges. The corresponding charges for the year totalled Kshs 1.2 million while balances existed in non interest bearing accounts. In my view the loss could have been avoided had the Fund put in place, appropriate cash management and accurate cash flow forecasts.

#### 4. FIXED ASSETS REGISTERS

In the previous years reports, concern was expressed that the Fund's assets registers were inadequate. There was no improvement during the year. The assets registers were not reconciled to the general ledger and lacked adequate information that would identify location, serial number or value for individual assets. Besides, NSSF depreciates fixed assets on category basis. Individual calculations are not prepared for each asset and there is possibility that individual assets have been depreciated beyond cost. In the absence of a properly prepared assets register the fund will be unable to exercise its custodial role over its assets.

#### 5. INVESTMENTS

5.1 It is shown in note 10 to these accounts that the Balance Sheet figure of land Kshs. 6,691,318,000 was arrived at after providing for Kshs. 85,665,000 in respect of costs incurred on suspended sports complex project on Ngong Road. Similarly land and building figure of Kshs. 25,205,717,000 analysed in note 11 to the accounts is after providing for Kshs. 3,641,974,000 foreseeable losses on Nyayo and Kangemi housing estates and other costs incurred on suspended projects and developments. As pointed out in the previous year's

reports, the losses would not have arisen had the Fund carried out detailed feasibility studies including market/pricing surveys using reputable professional firms.

- 5.2 In the report on the 1995/96 accounts, reference was made to a property on Ojijo Road, L./R No. 209/6439 acquired during that year at a cost of Kshs. 174 million. The property consisting of seven residential houses built in 1930 has since been declared National Monuments under Kenya Gazette notice no 5566 dated 17 October 1997. The fund will not therefore be able to develop or sell the property without specific approval from an authority appointed by the Minister of Home Affairs and National Heritage, a factor that will reduce the value below cost and will lead to a loss adjustment in the accounts.

### 6. QUOTED EQUITIES

- 6.1 The Balance Sheet figures of quoted equities of Kshs. 6,428,847,000 analysed in note 12 to the accounts include shares valued at Kshs. 1,191,014,000 and Kshs. 208,146,000 in two institutions, National Bank of Kenya and Housing Finance of Kenya respectively. There exists differences of 554,189 shares valued at Kshs. 6,844,234 in National Bank and 114,334 shares valued at Kshs. 1,840,777 in HFCK between what has been confirmed by the two institutions and what was recorded in NSSF as at 30 June 1998.
- 6.2 It is estimated that the NSSF holds approximately 48% of National Bank of Kenya issued capital as at 30 June, 1998 and short-term deposits totalling Kshs. 1,403,445,000. Accordingly, NSSF is not only exposed by having such a large percentage of its equity portfolio and deposits in one institution, it is additionally exposed in that it has large stake in a single institution.

### 7. DEPOSITS WITH FINANCIAL INSTITUTIONS

#### 7.1 PRUDENTIAL BUILDING SOCIETY

Deposits with financial institutions include an amount of Kshs. 990 million due from Prudential Building Society against which a provision of Kshs. 247.5 million exists in these accounts to cover any shortfall. The Society is facing financial difficulties and is currently under investigation by the Central Bank of Kenya. Consequently, I am unable to confirm that the provision of Kshs. 247.5 million is adequate.

#### 7.2 NATIONAL BANK OF KENYA

In the previous years' reports reference was made to unreconciled deposits plus interest placed with National Bank of Kenya. According to the Fund's records the amount of Kshs. 2.698 billion due from the bank as at 30<sup>th</sup> June 1998 comprised of Kshs. 2.644 billion deposits and Kshs. 0.0545 billion accrued interest. However, according to a confirmation letter received from the National Bank of Kenya Limited on 21<sup>st</sup> August, 1998 that institution has recognized the amount due to NSSF as totalling Kshs. 1.303 billion. Accordingly there was a difference of Kshs. 1.295 billion between the NSSF and National Bank's financial records which as explained in note 7 to these accounts, had to be written off in the records of NSSF. I am not satisfied that the loss was properly investigated and appropriate restitution action taken by the Fund prior to resulting to the write off.

### 8. RENTAL INCOME

As with the previous years the rate of return on the Fund's rental properties is considered low and insufficient to provide for the current rate of interest of 15% on members contributions. The rental returns were particularly low in nine (9) properties valued at Kshs. 8,862,540,000 with rental income of Kshs. 435,373,000 or approximately 5% return. Further the Fund continued to have high rental arrears which totalled to over Kshs. 263,499,000 (1996/97 Kshs. 212,498,000) or 60% of the Fund's expected total annual rental income of over Kshs. 439,559,000. The rental arrears represents almost five (5) months rentals for the whole portfolio which translates to a loss of up to Kshs. 45 million in interest foregone at prevailing market rates.

**9. SOCIAL SECURITY HOUSE-ANNEX**

In my previous two years reports on NSSF accounts, I have expressed my doubts as to the realization of the car park project on the property adjacent to the New Social Security House, at the contractual cost of Kshs.1.531 billion. The Fund has so far incurred costs totalling Kshs. 536, 145,000 (1996/97 Kshs. 513,073,000). The construction work has been going on slowly for the last 5 years since 1993 and is considerably behind schedule. The likely return of this project, if eventually completed, is anticipated to be minimal. The Fund, has in fact recently indicated that the contract was determined on 2 July, 1997 for non-performance by the contractor and the Board of Trustees has subsequently suspended the project.

**10. CONTRIBUTIONS HELD IN SUSPENSE**

As at 30<sup>th</sup> June 1998, of the total members contributions of Kshs.19,349,426,000, Kshs. 6,127,000,000 was held in suspense and not allocated to members. Consequently members balances may be misstated.

**11. DEBTORS PREPAYMENT AND DEBIT BALANCES**

In the report on the Funds accounts for 1995/96 financial year, I expressed doubts as to the recovery of litigation fees amounting to Kshs. 294,351,000 relating to South B Hazina project. The fees were not assessed in accordance with the Advocate Remuneration Order. The amount has not been recovered and I am still doubtful whether the amount will ever be realised.

W.K. KEMEI  
AUDITOR GENERAL (CORPORATIONS)

1<sup>st</sup> July 1999

## INCOME AND EXPENDITURE ACCOUNT - Year ended 30 June 1998

	Note	1998 KShs' 000	1997 KShs' 000
<b>Income</b>			
Dividends		422,176	307,867
Rent	2	530,571	491,763
Interest and discounts		2,283,652	3,007,570
Decrease in provision for doubtful investments		-	49,456
Profit on disposal of properties		34,960	2,058
Sundry income		7,492	22,760
		<b>3,278,851</b>	<b>3,881,474</b>
<b>Expenditure</b>			
Staff Expenses	3	1,097,292	796,786
Administrative expenses	4	672,198	435,251
Depreciation charge		56,172	66,809
Provision for foreseeable losses on housing projects	5	3,068,000	-
Provision for costs incurred on suspended projects/ developments	6	659,639	-
Adjustment on reconciliation of deposit balance with a banking institution	7	1,295,358	-
Increase in provision for doubtful investments		157,314	-
Provision for doubtful debts		247,781	39,467
		<b>7,253,754</b>	<b>1,338,313</b>
(Deficit)/Surplus before taxation		<b>(3,974,903)</b>	2,543,161
Taxation	8	-	(450,918)
(Deficit)/Surplus after exceptional item and taxation		<b>(3,974,903)</b>	2,092,243
Accumulated (deficit)/surplus brought forward		<b>(2,016,728)</b>	2,212,284
		<b>(5,991,631)</b>	4,304,527
Interest on members' funds		<b>(3,397,000)</b>	(6,321,255)
Accumulated deficit carried forward		<b>(9,388,631)</b>	<b>(2,016,728)</b>



**BALANCE SHEET - As at 30 June 1998**

	Note	1998 Kshs'000	1997 Kshs '000
<b>FIXED ASSETS</b>	9	<u>306,759</u>	<u>223,232</u>
<b>INVESTMENTS</b>			
Land	10	6,691,318	7,631,449
Land and buildings	11	25,205,717	21,384,381
Quoted equities	12	6,428,847	7,703,821
Government of Kenya Stocks	13	2,525,259	2,611,099
Unquoted stocks and equities	14	435,657	498,656
Treasury and Government bearer bonds	15	-	3,560,000
Deposits with financial institutions	16	5,186,841	7,199,358
Treasury bills	17	-	2,535,000
		<u>46,473,639</u>	<u>53,123,764</u>
Less: Provisions for doubtful investments	18	<u>(2,384,478)</u>	<u>(2,227,164)</u>
Net investments		<u>44,089,161</u>	<u>50,896,600</u>
<b>CURRENT ASSETS</b>			
Debtors, prepayments and debit balances	19	263,024	184,129
Accrued income	20	292,662	701,564
Treasury Imprest		-	8,101
Cash and bank balances		1,591,084	139,520
Taxation		857,550	441,270
		<u>3,004,320</u>	<u>1,474,584</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft		128,413	133,004
Creditors, accruals and other liabilities	21	500,952	312,500
Reimbursement due to Government		-	8,138
		<u>629,365</u>	<u>453,642</u>
<b>NET CURRENT ASSETS</b>		<u>2,374,955</u>	<u>1,020,942</u>
		<u>46,770,875</u>	<u>52,140,774</u>
<b>FINANCED BY:</b>			
Accumulated members' funds	22	51,914,085	48,597,116
Accumulated deficit		(9,388,631)	(2,016,728)
Revaluation reserve	23	4,245,421	5,560,386
		<u>46,770,875</u>	<u>52,140,774</u>

Signed on behalf of the Board of Trustees – National Social Security Fund

**M. M. J. Kisoso** - *Chairman*

**D. W. Masika** - *Managing Trustee*

Date: 3.06.99

## CASH FLOW STATEMENT

	1998	1997
	Kshs' 000	Kshs'000
<b>Cash flows from operating activities</b>		
(Deficit)/Surplus before tax	(3,974,903)	2,543,161
Adjustment for:		
Depreciation	56,172	66,809
(Decrease)/increase in provision for doubtful investments	157,314	(49,456)
Profit on disposal of fixed assets	(34,960)	(2,058)
<b>Operating profit before working capital changes between 1997 and 1998</b>	<u>(3,796,377)</u>	<u>2,558,456</u>
Decrease/(Increase) in Treasury Imprest Account	8,101	(4,350)
(Increase)/Decrease in debtors, prepayments and debit balances	(78,897)	267,930
Decrease/(Increase) in accrued income	408,902	(152,378)
(Increase)/Decrease in reimbursement due to Government	(8,138)	3,550
Increase/(Decrease) in creditors	188,452	(14,371)
<b>Cash inflow from operations</b>	<u>518,420</u>	<u>100,381</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(3,277,957)</u>	<u>2,658,837</u>
<b>Taxation paid</b>	<u>(416,280)</u>	<u>(13,736)</u>
<b>Return on investments and servicing of finance</b>		
Interest on benefit payments	(1,099,073)	(980,457)
Net cash outflow from investments and servicing of finance	<u>(1,099,073)</u>	<u>(980,457)</u>
<b>Cash flows from investing activities</b>		
Redemption of Government Stocks	85,840	500,466
Redemption of unquoted stocks and equity	62,999	3,441
Redemption of deposits with financial institutions	1,982,893	1,227,085
Redemption of Treasury and Government Bonds	3,560,000	1,365,000
Purchase of land	-	(59,734)
Developments of land and buildings	(2,881,205)	(4,924,158)
Purchase of quoted shares	(39,990)	(273,246)
Purchase of fixed assets	(78,399)	(66,029)
Proceeds from sale of fixed assets	3,285	2,058
<b>Net cash inflow/(outflow) from investing activities</b>	<u>2,695,423</u>	<u>(2,225,117)</u>

## CASH FLOW STATEMENT (Continued)

	1998 Kshs' 000	1997 Kshs'000
<b>Cash flow from financing activities</b>		
Members contributions	1,539,375	1,589,194
Benefit payments	<u>(520,333)</u>	<u>(552,672)</u>
<b>Net cash inflow from financing activities</b>	<b>1,019,042</b>	1,036,522
Net (decrease)/increase in cash and cash equivalents	<u><b>(1,078,845)</b></u>	<u><b>476,049</b></u>

### Movement in cash and cash equivalents

	1998 Kshs'000	1997 Kshs'000	Change during year Kshs'000
Cash and bank	1,591,084	139,520	1,451,564
Treasury Bills	-	2,535,000	(2,535,000)
Bank overdraft	<u>(128,413)</u>	<u>(133,004)</u>	4,591
	<u><b>1,462,671</b></u>	<u><b>2,541,516</b></u>	<u><b>(1,078,845)</b></u>

**1. Accounting policies**

a) *Accounting convention*

The accounts are prepared under the historical cost convention as modified by the inclusion of certain assets on a revalued basis.

b) *Accounting for contributions*

- Contributions from employers/employees are accounted for on a receipts basis.
- Benefits to employees are accounted for on payment basis.
- Interest payable on members accumulated contributions (standard contributions plus interest) is accrued annually at the agreed interest rate for the period in accordance with Section 19(2) &(3) of the National Social Security Fund Act.

c) *Income recognition*

(i) *Dividends*

Dividends are accounted for on a receipts basis

(ii) *Interest on deposits with financial institutions*

Interest on deposits with financial institutions is accounted for on an accruals basis.

(iii) *Interest/discounts on treasury bills and bonds*

Interests/discounts on treasury bills and bonds are credited to income on a straight line basis over the maturity period of the investments.

(iv) *Coupon interest on government securities*

Coupon interest on government securities is accounted for on an accruals basis.

d) *Depreciation*

Depreciation is calculated on a straight line basis, at annual rates estimated to write off the carrying values of assets over their expected useful lives as follows:-

Motor vehicles	20%
Computers and microfilming equipment	20%
Office furniture	10%
Office equipment	12 %
Fittings and furnishings	20%

e) *Investments*

**Quoted equities**

Equities are stated at estimated market value, based on deals around the year end. Differences between cost and market value are debited/(credited) to an unrealized revaluation reserve. Upon sale of the investment the surplus/ (deficit) arising from the transaction will be transferred to the Income and Expenditure account.

**Unquoted equities**

Unquoted equities are shown at cost less provision for any permanent diminution in value.

**Treasury Bills and bonds, and government bearer bonds**

Treasury bills and bonds, and government bearer bonds, are stated in the accounts at par value. The difference between par value and cost, the discount amount not yet earned, is included under current liabilities as income received in advance.

**f) Investments in land and buildings**

Undeveloped land, partly developed land and buildings are valued at cost as modified for the revaluation of three properties.

Cost is defined as:

Land	–	Cost of the land plus incidental expenses.
Partly developed land held for long term investment	–	Cost of land as defined above plus construction work certified and paid.
Partly fully developed land held for immediate sale on completion of construction	–	Cost as defined above, less foreseeable losses.
Completed buildings	–	Cost of land, plus purchase or construction cost of buildings.

## NOTES TO THE ACCOUNTS

### 2. Rent

#### Nairobi Properties

	1998 Kshs'000	1997 Kshs'000
NSSF Houses	220,072	203,183
Bruce House	70,933	62,458
Hazina Towers	28,087	25,745
View Park Towers	50,812	54,091
Hazina Estate	63,980	74,047
Other properties	24,422	15,300
	<u>458,306</u>	<u>434,824</u>

#### Mombasa Properties

	1998 Kshs'000	1997 Kshs'000
Hazina Plaza (formerly Cannon Court)	48,000	40,000
NSSF House	24,265	16,939
	<u>72,265</u>	<u>56,939</u>
<b>Total rental income</b>	<u><b>530,571</b></u>	<u><b>491,763</b></u>

Included in rental income from NSSF House Nairobi is Kshs.54.7 million (1997: Kshs54 million) being notional rent for space occupied by NSSF:

### 3 Staff Expenses

	1998 Kshs'000	1997 Kshs'000
Salaries	556,700	422,786
House allowance	183,497	141,464
Transportation allowance	87,382	56,894
Leave allowance	31,576	24,812
Acting allowance	655	858
Entertainment allowance	3,667	3,920
Hardship allowance	450	476
Pension and gratuity	85,645	69,659
Staff welfare	109,732	46,331
Medical expenses	27,918	15,071
Special accommodation allowance	750	3,997
Overtime	-	3,033
NSSF contributions	939	234
Transfer allowance	2,543	3,981
Utility allowance	5,838	3,270
	<u><b>1,097,292</b></u>	<u><b>796,786</b></u>

## NOTES TO THE ACCOUNTS

### 4 Administrative Expenses

	1998 Kshs'000	1997 Kshs'000
Rent and rates	316,628	155,341
Training and seminars	15,503	10,942
General insurance	41,576	18,848
Legal Fees	36,679	8,808
Consultancy services	35,647	4,331
Maintenance and repairs	34,685	26,193
Advertising and donations	29,288	30,738
Transport operating expenses	28,849	21,143
Travelling and subsistence allowance	25,362	33,384
Postage and telephones	20,888	21,189
Printing and stationery	15,146	28,194
Other incidental and expenses	13,514	7,787
Exhibition expenses	11,852	15,930
Electricity, water and conservancy	12,497	16,439
Bank interest and charges	8,032	12,137
Renovations	7,465	4,896
Audit fees	6,000	6,000
Board, commitments and conferences	4,274	1,367
Uniforms	4,197	4,684
Books and publications	3,879	1,855
Subscriptions	237	5,045
	<u>672,198</u>	<u>435,251</u>

Included in rent and rates is Kshs. 54.7 million being rent expense on space occupied by NSSF staff in NSSF House Nairobi.

### 5 Provision for foreseeable losses on housing projects

The provision amount of Kshs. 3.068 billion represents an estimated projected loss in respect of two housing estates completed/at advanced stages of completion as at 30 June 1998. The provision is based on the actual costs incurred plus all known costs up to 30 June 1998 compared with approved selling prices of these completed housing units.

### 6 Provision for costs incurred on suspended projects

Subsequent to the year end, NSSF Board of Trustees approved the suspension of some projects, earlier authorised for development, in view of foreseeable cash flow restraints over the next few years. The total provision of Kshs. 0.659 billion made and shown under notes 10 and 11 represents expenditure already incurred, mainly in connection with professional and mobilisation fees on these suspended projects, which will not add value to the projects development in future.

### 7 Adjustment or reconciliation of deposit balance with a banking institution

For a number of years the amounts of deposits plus interest placed with National Bank of Kenya Limited as shown in the accounts of NSSF had not been reconciled with the corresponding balances confirmed by the bank. This position had been a subject of qualification in the auditors' report for the last few years. As at 30<sup>th</sup> June 1998, the balances were finally reconciled resulting in a write-off adjustment of Kshs. 1.295 billion in the records of NSSF.

## NOTES TO THE ACCOUNTS

### 8 Taxation

	1998 Kshs'000	1997 Kshs'000
Charge for the year at 32% (1997-35%)	-	-
Prior years' underprovision	-	450,918

NSSF became exempt from taxation from 18 June 1996 in accordance with the Income Tax Act.

NSSF'S tax liabilities and settlements made for the years prior to 18 June 1996 had not been finalised with the Kenya Revenue Authority as at 30 June 1998.

### 9 Fixed Assets

	Land Kshs'000	Computer & Microfilming Equipment Kshs'000	Motor Vehicles Kshs'000	Office Equipment Kshs'000	Office Furniture Kshs'000	Fittings & Furnishings Kshs'000	Total Kshs'000
<b>Cost or revaluation</b>							
At 1.7.97	-	119,198	186,218	122,363	107,508	20,746	556,033
Transfers from undeveloped land	61,300	-	-	-	-	-	61,300
Additions	*61,686	814	4,680	10,608	579	32	78,399
Disposals	-	-	( 2,232)	-	-	-	( 2,232)
At 30.6.98	122,986	120,012	188,666	132,971	108,087	20,778	693,500
<b>Depreciation</b>							
At 1.7.97	-	102,936	117,276	64,353	29,588	18,648	332,801
Charge for the year	-	4,224	23,008	16,621	10,809	1,510	56,172
On disposal	-	-	( 2,232)	-	-	-	( 2,232)
At 30.6.98	-	107,160	138,052	80,974	40,397	20,158	386,741
<b>Net Book Value</b>							
At 30.6.98	122,986	12,852	50,614	51,997	67,690	620	306,759
At 30.6.97	-	16,262	68,942	58,010	77,920	2,098	223,232

\* Additions under land mainly comprises cost of professional fees incurred to date in respect of central stores at Mavoko.



## NOTES TO THE ACCOUNTS

10 Land	1998 Kshs'000	1997 Kshs'000
<b>Nairobi</b>		
Hospital Hill	31,222	31,222
Ngong Road	157,227	71,562
Elgon Road	50,743	50,743
Embakasi (Tassia Estate)	1,653,330	1,653,330
Likoni Road	227,936	227,936
Loita Street	70,095	70,095
Belle Vue	185,336	185,336
Outer Ring Road	127,414	127,414
Upper Hill	42,361	42,361
Langata	383,778	383,778
Bishops Road	228,411	228,411
Embakasi Housing	753,731	753,731
Muthaiga	296,550	296,550
Forest Edge Langata	40,566	40,556
Kenyatta Avenue	-	878,831
	<u>4,248,700</u>	<u>5,041,866</u>
<b>Coast</b>		
Mombasa Town	127,322	127,322
Mtwapa	551,957	551,957
Bamburi	188,373	188,373
	<u>867,652</u>	<u>867,652</u>
<b>Other areas</b>		
Eldoret	51,025	51,025
Athi River	581,848	581,848
Mavoko	897,659	958,959
Syokimau	22,766	22,766
Kajiado	107,333	107,333
	<u>1,660,631</u>	<u>1,721,931</u>
<b>Provision for costs incurred on suspended project/development</b>		
Ngong Road – Sports Complex	(85,665)	-
	<u>6,691,318</u>	<u>7,631,449</u>

## NOTES TO THE ACCOUNTS

### 11 Land and Buildings

#### Nairobi

	1998 Kshs'000	1997 Kshs'000
Old Social Security House	223,012	223,012
New Social Security House	4,274,541	4,184,999
Social Security House Annex*	536,145	513,073
Kenyatta Avenue development**	1,013,171	-
Bruce House	584,585	583,055
Moktar Daddah Street*	1,219,760	349,609
Hazina Estate	1,842,358	1,842,358
Prudential Estate	-	13,125
Kiberia Highrise Estate	117,609	117,609
Lenana Road Development**	221,567	221,567
Hospital Road Development**	100,659	66,278
Hazina Towers	590,864	590,864
View Park Towers	903,839	872,225
Nyayo Estate- Embakasi*	13,357,263	8,759,636
Ojijo Road	181,081	181,081
Kangemi Development*	1,270,265	812,476
Kileleshwa Development**	47,384	46,680
Kitisuru Development*	623,935	381,045
State House Road	471,900	471,900
Milimani Flats	103,562	103,562
Karen Development**	502,142	405,400
	<u>28,185,642</u>	<u>20,739,554</u>
<b>Coast</b>		
Social Security House	135,084	135,084
Hazina Plaza	458,791	458,791
	<u>593,875</u>	<u>593,875</u>
<b>Other areas</b>		
Machakos Development**	68,174	50,952
	<u>68,174</u>	<u>50,952</u>
<b>Provision for foreseeable losses on housing estates</b>		
Nyayo	(2,720,300)	-
Kangemi	(347,700)	-
	<u>(3,068,000)</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

### Provision for costs incurred on suspended projects/developments

Kenyatta Avenue	(178,585)	-
Lenana Road	(41)	-
Hospital Road	(70,659)	-
Kileleshwa	(3,804)	-
Karen Development	(302,142)	-
Machakos Development	(18,743)	-
	<u>(573,974)</u>	<u>-</u>
	<u>25,205,717</u>	<u>21,384,381</u>

\*Development in progress

\*\*Projects suspended for development

### 12 Quoted Equities

	Market Value 1998 Kshs'000	Market Value 1997 Kshs'000
Kenya Power and Lighting Company Limited 1998: 5,702,112 Ordinary Kshs. 20 shares 3,550 4% Kshs.20 Preference shares 750 7% Kshs.20 Cumulative Preference shares	1,083,427	986,551
Kenya Breweries Limited 6,026,099 Kshs.10 Ordinary shares	319,383	343,487
BAT (K) Limited 15,000,000 Kshs.10 Ordinary shares	675,000	922,500
Brooke Bond (K) Limited 1,437,500 Kshs.10 Ordinary shares	188,313	176,813
Bamburi Portland Cement Company Limited 57,314,178 Kshs.5 Ordinary shares	2,005,996	2,292,568
EA Portland Cement Company Limited 24,300,000Kshs.5 Ordinary shares	534,600	996,300
Kenya Commercial Bank Limited 1,000,000 Kshs.10 Ordinary shares	70,000	101,000
Housing Finance Company of Kenya Limited 12,930,215 (1997: 8,704,008) Kshs.5 Ordinary shares	208,146	204,544
Firestone East Africa (1969) Limited 5,451,200 Kshs.5 Ordinary shares	145,138	158,086
National Bank of Kenya Limited 96,438,353 (1997: 95,123,230) Kshs.5 Ordinary shares	1,191,014	1,521,972
Athi River Mining Company Limited 870,000 Kshs 5 Ordinary shares	7,830	-
	<u>6,428,847</u>	<u>7,703,821</u>

## NOTES TO THE ACCOUNTS

### 13 Government of Kenya Stocks

	1998 Kshs'000	1997 Kshs'000
6% Kenya Stock 1998	-	85,840
6.25% Kenya Stock 1998	85,000	85,000
10.75% Kenya Stock 1999	134,083	300,000
6.25% Kenya Stock 1999	300,000	134,083
8.75% Kenya Stock 1999	69,788	69,788
8.75% Kenya Stock 2000*	69,668	69,668
10.75% Kenya Stock 2000	200,00	200,000
11% Kenya Stock 2000*	907,920	907,920
10.75% Kenya Stock 2003	350,000	350,000
10% Kenya Stock 2010	408,800	408,800
	<b><u>2,525,259</u></b>	<b><u>2,611,099</u></b>

\*Subsequent to the year end, the NSSF Board of Trustees at its meeting on 12 November 1998 has approved and released these Kenya Stocks to National Bank of Kenya Limited to enable the Bank to borrow from the Central Bank of Kenya adequate funds to increase its overall liquidity.

National Bank of Kenya Limited in turn pays to NSSF a guarantee fee of KShs. 1.6 million per month and interest on the stock amounts at the market rate.

National Bank of Kenya Limited has also provided collaterals to NSSF for this facility.

### 14 Unquoted Stocks and Equities

	1998 Kshs'000	1997 Kshs'000
Consolidated Bank of Kenya Limited		
8,050,000 4% Kshs. 20 Cumulative Preference shares	161,000	161,000
2,225,000 Ordinary Kshs. 20 shares	44,500	44,500
8.25% Nairobi City Council Stock 1990	17,497	17,497
8.5% Nairobi City Council Stock 1993	25,665	25,665
12.25% Nairobi City Council Stock 1994	186,995	249,994
	<b><u>435,657</u></b>	<b><u>498,656</u></b>

### 15 Treasury and Government Bearer Bonds

	1998 Kshs'000	1997 Kshs'000
Treasury Bond Issue No:		
7/1992	-	300,000
9/1992	-	200,000
10/1992	-	600,000
11/1992	-	500,000
1/1993	-	300,000
2/1993	-	250,000
1/1997	-	250,000
7/1997	-	560,000
8/1997	-	300,000
Government Bearer Bond	3/1993	300,000
	<b><u>-</u></b>	<b><u>3,560,000</u></b>

## NOTES TO THE ACCOUNTS

### 16 Deposits with Financial Institutions

	1998 Kshs'000	1997 Kshs'000
Co-operative Bank of Kenya Limited	125,000	150,000
Housing Finance Company of Kenya Limited	496,430	636,053
Industrial Development Bank Limited	125,000	150,000
Kenya Commercial Finance Company Limited	-	500,000
National Bank of Kenya Limited	1,403,445	2,671,027
Savings & Loan (Kenya) Limited – Revolving Fund	11,645	16,270
Savings & Loan (Kenya) Limited*	334,000	320,000
Kenya National Capital Corporation Limited	275,000	280,000
Consolidated Bank of Kenya Limited	200,000	200,000
Trust Finance Limited (now Trust Bank Limited)	-	37,500
	<u>2,970,520</u>	<u>4,960,850</u>
In liquidation		
Continental Credit Limited	57,188	57,188
Middle Africa Finance Company Limited	3,968	5,000
Nairobi Finance Corporation Bank Limited	3,968	5,000
Pioneer Building Society	34,915	34,915
Post Bank Credit Limited	621,277	640,900
Rural Urban Credit Finance Limited	131,765	131,765
Thabiti Finance Company Limited	168,240	168,240
Trade Bank Limited	197,000	197,000
Trade Finance Limited	8,000	8,000
	<u>1,226,321</u>	<u>1,248,508</u>
Others		
Prudential Building Society	990,000	990,000
<b>Total</b>	<u><b>5,186,841</b></u>	<u><b>7,199,358</b></u>

\*These deposits held by Savings and Loan Kenya Limited are under lien to secure staff mortgages.

### 17 Treasury Bills

Treasury Bill Issue No.	1998 Kshs'000	1997 Kshs'000
1204	-	106,000
1205	-	211,000
1207	-	211,000
1208	-	247,000
1209	-	631,000
1210	-	79,000
1212	-	550,000
1213	-	300,000
1214	-	200,000
	<u>-</u>	<u><b>2,535,000</b></u>

## NOTES TO THE ACCOUNTS

### 18 Provision for doubtful investments

	1998 Kshs'000	1997 Kshs'000
<b>Deposits with Financial Institutions</b>		
Continental Credit Limited*	57,188	57,188
Middle Africa Finance Company Limited*	3,968	5,000
Nairobi Finance Corporation Bank Limited*	3,968	5,000
Pioneer Building Society*	34,915	34,915
Post Bank Credit Limited*	621,277	640,900
Rural Urban Credit Finance Limited*	131,765	131,765
Thabiti Finance Company Limited*	168,240	168,740
Trade Bank Limited*	197,000	197,000
Trade Finance Limited*	8,000	8,000
Consolidated Bank of Kenya Limited	200,000	200,000
Kenya National Capital Corporation Limited	275,000	280,000
	<u>1,701,321</u>	<u>1,728,508</u>
Other		
Prudential Building Society-Deposits	247,500	-
Nairobi City Council- Unquoted Stock	230,157	293,156
Consolidated Bank of Kenya Limited-Unquoted equities	205,500	205,500
	<u>683,157</u>	<u>498,656</u>
	<u><b>2,384,478</b></u>	<u><b>2,227,164</b></u>

(\*under liquidation)

### 19 Debtors, prepayments and debit balances

	1998 Kshs'000	1997 Kshs'000
Sundry debtors	120,633	87,594
Deposits and prepayments	8,217	3,905
Debit balances	2,374	75
Advances and imprests	21,963	29,855
Legal fees on account	294,351	294,351
Staff loans and advances	140,140	62,700
	<u>587,678</u>	<u>478,480</u>
Provision for bad and doubtful debts	(324,654)	(294,351)
	<u><b>263,024</b></u>	<u><b>184,129</b></u>

## NOTES TO THE ACCOUNTS

<b>20</b>	<b>Accrued Income</b>	<b>1998</b>	<b>1997</b>
		<b>Kshs'000</b>	<b>Kshs'000</b>
	<b>Rent</b>		
	Social Security House- Nairobi	94,211	70,651
	Social Security House-Mombasa	6,873	8,377
	Bruce House-Nairobi	8,669	5,249
	Moktar Daddah Street property	-	121
	Hazina Towers	8,639	7,863
	View Park Towers	11,086	13,156
	Hazina Plaza	102,000	81,000
	Hazina Estate	32,021	26,202
	Other properties	-	4,066
		<b>263,499</b>	<b>216,685</b>
	<b>Interest</b>		
	Long Term deposits	311,367	369,231
	Short Term deposits	189,513	369,887
		<b>500,880</b>	<b>739,118</b>
	<b>Less: Provision for doubtful debt</b>		
	Rent	(102,559)	(81,067)
	Interest	(369,158)	(173,172)
		<b>(471,717)</b>	<b>(254,239)</b>
		<b>292,662</b>	<b>701,564</b>
 <b>21</b>	 <b>Creditors,accruals and other liabilities</b>	 <b>1998</b>	 <b>1997</b>
		 <b>Kshs'000</b>	 <b>Kshs'000</b>
	Income received in advance	-	103,932
	Sundry creditors and accruals	131,972	59,348
	Project creditors	168,131	-
	Statutory and other deductions	51,742	11,363
	Unclaimed benefits	109,020	95,189
	Unclaimed refunds	1,839	1,864
	Accounting differences	38,248	40,804
		<b>500,952</b>	<b>312,500</b>

**NOTES TO THE ACCOUNTS**

**22 Members' Fund Account for the year ended 30 June 1998**

	1998		1997	
	Contribution Kshs' 000	Interest Kshs' 000	Contribution Kshs' 000	Interest Kshs' 000
Balance brought forward	18,330,384	30,266,732	17,293,862	24,925,934
<b>Receipts for the year:</b>				
Standard contributions (Note 21)	1,348,393	-	1,397,122	-
Special contributions	173,864	-	168,109	-
Penalties	16,972	-	23,385	-
Sale of duplicate membership cards	127	-	85	-
Other income	19	-	493	-
	<u>1,539,375</u>	<u>-</u>	<u>1,589,194</u>	<u>-</u>
				<u>1,589,194</u>
<b>Payments in the year:</b>				
Age	145,037	298,364	170,979	294,276
Survivors	85,158	162,549	80,491	133,615
Invalidity	17,141	34,171	16,476	26,422
Withdrawal	260,757	598,562	271,187	521,929
Emigration	3,942	5,427	3,437	4,215
Refund	8,298	-	10,102	-
	<u>( 520,333)</u>	<u>( 1,099,073)</u>	<u>( 552,672)</u>	<u>( 980,457)</u>
				<u>( 1,533,129)</u>
Excess of receipts over payments for the year	1,019,042	( 1,099,073)	1,036,522	( 980,457)
Provision for accrued interest on contributions	-	3,397,000	-	6,321,255
<b>Balance carried forward</b>	<u><b>19,349,426</b></u>	<u><b>32,564,659</b></u>	<u><b>18,330,384</b></u>	<u><b>30,266,732</b></u>
				<u><b>48,597,116</b></u>

The contribution amount of KShs. 19,349 billion includes KShs. 6.127 billion (1997: KShs. 6.075 billion) which is held in suspense pending allocation to members' accounts.



## NOTES TO THE ACCOUNTS

### 23 Revaluation reserve

	Quoted Equities Kshs'000	Property Kshs'000	Total Kshs'000
Balance as at 1 July 1997	5,513,402	46,984	5,560,386
Revaluation deficit	(1,314,965)	-	(1,314,965)
Balance as at 30 June 1998	<u>4,198,437</u>	<u>46,984</u>	<u>4,245,421</u>

#### Revaluation of quoted equities

Quoted equities were revalued as follows:-

	Kshs'000
Quoted equities at cost	6,428,847
Quoted equities at market value	(2,230,410)
Surplus at 30 June 1998	4,198,437
Surplus at 30 June 1997	(5,513,402)
Deficit transferred to revaluation reserve	<u>(1,314,965)</u>

### 24 Standard contributions

	1998 Kshs'000	1997 Kshs'000
1971	6	1
1972	2	-
1973	1	-
1974	2	4
1975	5	-
1976	2	-
1977	21	1
1978	9	13
1979	7	53
1980	47	1
1981	49	10
1982	388	9
1983	2	33
1984	58	121
1985	353	76
1986	2,758	155
1987	101	150
1988	800	2,138
1989	905	2,302
1990	786	5,145
1991	1,485	35,813
1992	1,789	5,345
1993	7,443	7,394
1994	11,450	13,264
1995	95,597	200,750
1996	648,706	606,165
1997	279,449	518,179
1998	296,172	-
	<u>1,348,393</u>	<u>1,397,122</u>