

**Zimele Guaranteed Personal Pension Plan
Report to the Scheme Members
For the year Ended 31 December 2018**

Reporting Auditors:



**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
For the Period Ended 31 December 2018**

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**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
Trustees and Advisors to the Scheme
For the Period Ended 31 December 2018**

TRUSTEES

NatBank Trustees and Investment Services Limited
National Bank Buildings, Harambee Avenue
P.o Box 41862-00100
Nairobi, Kenya

ADMINISTRATOR

Pacific Insurance Brokers (EA) Ltd
The Insurance Centre, Rose Avenue
Off Dennis Prit Road
P.o Box 50565-00200
Nairobi, Kenya

FUND MANAGER

Zimele Asset Management Company Limited
Ecobank Towers, 7th Floor
Muindi Mbingu Street
P.o Box 76528-00508
Nairobi, Kenya

CUSTODIAN

Kenya Commercial Bank Limited
Kencom House, Head Office
P.o Box 48400-00100
Nairobi, Kenya

AUDITORS

Dennis Paul & Associates
Four Green way apartment, F1
Four Green Street Off Westlands Road
P.o Box 75374-00200
NAIROBI

**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
REPORT OF THE TRUSTEES
For the Period Ended 31 December 2018**

INCORPORATION AND REGISTERED OFFICE

The Scheme began its operations in September 2009 and is registered under the Retirement Benefits Act, 1997. The registered office is at Ecobank Towers, 7th Floor on Muindi Mbingu Street, Nairobi

INVESTMENT OBJECTIVES

The main purpose of the Scheme is to provide an investment for people to build savings for use in retirement in accordance with the provisions of Retirement Benefits Act and the regulations made thereunder. The investment objective of the Scheme is to generate long term capital growth through investing the members' contributions in fixed income securities and other investments in accordance with the provisions of the Retirement Benefits Act and the regulations made thereunder.

CHANGE TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Trust Deed and Rules of the Scheme) during the period.

TOTAL VALUE OF THE FUND AS AT 31ST DECEMBER 2018

The market value of the fund as at 31st December 2018 was Kshs 193.1 million.

MEMBERSHIP

Membership of the Scheme as at year end was as follows:

	2018	2017
	Members	Members
At start of year	410	392
Entrants	37	18
Exits	1	-
At end of year	<u>448</u>	<u>410</u>

**Zimele Guaranteed Personal Pension Plan
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REPORT OF THE TRUSTEES (CONTINUED)
For the Period Ended 31 December 2018**

INVESTMENT OF FUNDS

Under the terms of their appointment, Zimele Asset Management Company Limited (The Fund Managers) are responsible for the investment of funds. The overall responsibility for investment and performance lies with the Trustees, National bank Trustees and Investment Services Limited.

EXPENSES

The full costs of administering and managing the scheme are borne by the scheme.

AUDITORS

Dennis Paul & Associates, Certified Public Accountants, have expressed their willingness to continue in office.

For the Trustee:

.....
Natbank Trustees and Investment Services Limited

Date:..... 2019

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STATEMENT OF TRUSTEE'S RESPONSIBILITIES
For the Period Ended 31 December 2018**

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

The Trustees accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Retirement Benefits (Occupational Retirement Benefits Schemes) 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 that may be relied upon in the preparation of the financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

DECLARATIONS STATEMENT

The Zimele Guaranteed Personal Pension Plan is an approved Scheme within the meaning of The Retirement Benefits Act and The Regulations made thereunder;

The members of the Scheme are not liable for the debts of the Scheme;

The Zimele Guaranteed Personal Pension Plan invests in equities and fixed income securities in accordance with the provisions of the Retirements Act and the Regulations made thereunder;

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

For the Trustee:

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Natbank Trustees and Investment Services Limited

**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
For the Period Ended 31 December 2018**

Statement of changes in net assets available for benefits

	Notes	2018 Kshs	2017 Kshs
Income from dealings with members			
Contributions received	3	42,192,431	43,143,342
Outgoings from dealings with members			
Benefits payable	4	(22,082,236)	(19,084,601)
		-	-
Net additions from dealings with members		<u>20,110,195</u>	<u>24,058,741</u>
Return on investments			
Investment income	5	16,350,117	11,847,237
Change in market value of investments (%)		4,853,407	5,198,341
Net return on investments		<u>21,203,524</u>	<u>17,045,578</u>
Administrative expenses	6	(636,945)	(508,380)
Investment Management expenses	7	(3,997,151)	(3,275,897)
Prior year adjustments		-	-
Increase in net assets for the year		<u>36,679,622</u>	<u>37,320,042</u>
Net assets available for benefits at start of the year		156,473,128	119,153,086
Net assets available for benefits at end of year		<u><u>193,152,751</u></u>	<u><u>156,473,128</u></u>

Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
As at 31 December 2017

Statement of net assets available for benefits

	Notes	2018 Kshs	2017 Kshs
Assets			
Kenya Government Securities	8	124,185,985	100,074,903
Cash and Fixed Deposits	9	9,950,450	18,694,000
Investment in Unit Trust		58,196,426	37,056,260
		<u>192,332,862</u>	<u>155,825,163</u>
Current Assets			
Custodian and collection accounts	10	900,343	1,006,268
Income Receivable	11	278,230	-
		<u>1,178,574</u>	<u>1,006,268</u>
Liabilities			
Other payables and accrued expenses	12	358,684	358,303
		<u>193,152,751</u>	<u>156,473,128</u>
FINANCED BY:			
Members' Account and Reserve Fund		<u>193,152,752</u>	<u>156,473,128</u>

.....
Natbank Trustees and Investment Services Limited

.....
Date

**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
For the Period Ended 31 December 2018**

Statement of Changes in Equity	Net Unit Holders Funds Kshs	Total Kshs
For the year 2017		
As at 1st January 2017	119,153,086	119,153,086
Net Contributions	37,320,042	37,320,042
		-
As at 31st December 2017	156,473,128	156,473,128
For the year 2018		
As at 1st January 2018	156,473,128	156,473,128
Net Contributions	36,679,623	36,679,623
		-
As at 31st December 2018	193,152,751	193,152,751

Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
For the Period Ended 31 December 2018

Statement of cash flows

	2018	2017
	Kshs	Kshs
Cashflow from operations		
Contributions received	42,192,431	43,143,342
Benefits paid	(22,082,236)	(19,084,601)
Expenses paid	(4,634,096)	(3,784,277)
Prior year adjustments	-	(115,794)
	<hr/>	<hr/>
Net cash flow from operations	<hr/> 15,476,099	<hr/> 20,158,670
Working Capital Changes		
(Increase)/ Decrease in Receivables	(278,230)	1,354,982
Increase/ (Decrease) in Payables	381	237,048
	<hr/>	<hr/>
Net Cash flow from operating Activities	<hr/> (277,849)	<hr/> 1,592,030
	<hr/>	<hr/>
Net cashflow from operating Activities	<hr/> 15,198,249	<hr/> 21,750,700
Cashflow from Financing Activities		
Investment income received	16,350,117	11,847,237
Change in market value of investment	4,853,407	5,198,341
	<hr/>	<hr/>
Cash flow from financing activities	<hr/> 21,203,524	<hr/> 17,045,578
Cash flow from investing activities		
Change in investment	<hr/> (36,507,699)	<hr/> (41,712,858)
Net Cash Inflow / Outflow	<hr/> (105,926)	<hr/> (2,916,580)
Cash and cash equivalents at start of year	<hr/> 1,006,268	<hr/> 3,922,848
Cash and cash equivalents at end of year	<hr/> 900,343 <hr/>	<hr/> 1,006,268 <hr/>

**Zimele Guaranteed Personal Pension Plan
Annual Report and Financial Statements
For the Period Ended 31 December 2018**

Notes

1. Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and the Retirement Benefits Act 1997 as amended and 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 benefits that fall due after the end of the financial year.

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

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Contributions

Contributions from the members are accounted for in the period to which they fall due.

(c) Interest income

Interest income is accounted for in the period in which it is earned.

(d) Benefits payable

Benefits payable to seceding members are accounted for in the period to which they fall due.

(e) Benefit transfers

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

3. Contribution income	2018	2017
	Kshs	Kshs
Members - Voluntary Contributions	42,192,431	43,143,342
	<u>42,192,431</u>	<u>43,143,342</u>
4. Benefits payable	2018	2017
	Kshs	Kshs
Pensions	<u>22,082,236</u>	<u>19,084,601</u>
5. Investment income	2018	2017
	Kshs	Kshs
Income from Kenya Government Securities	12,071,214	10,088,554
Interest on call	506,614	(1,166,430)
Interest on T. Bill	-	203,744
Interest on money market investment	3,767,336	2,707,791
Rebate on bond	4,953	13,579
	<u>16,350,117</u>	<u>11,847,238</u>

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Notes (continued)

6 Administration expenses	2018	2017
	Kshs	Kshs
RBA Levy	313,246	238,306
Bank charges	89,270	123,665
AGM fees	8,200	8,200
Secretarial fees	59,849	-
Audit fees	34,800	34,800
Administration and processing	131,580	103,409
	<u>636,945</u>	<u>508,380</u>
	2018	2017
	Kshs	Kshs
7 Investment Management expenses		
Fund Manager	3,375,451	2,811,941
Custodian	447,709	320,481
Trustees fees	173,991	143,475
	<u>3,997,151</u>	<u>3,275,897</u>
	2018	2017
8 Government Bonds		
Cumulative Treasury Bonds	124,185,985	100,251,374
Cumulative Treasury Bills	-	176,472
	<u>124,185,985</u>	<u>100,427,847</u>

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Notes continued

9 Term deposits	2018 Kshs	2017 Kshs
Chase Bank	3,980,180	15,494,000
SBM Bank	5,970,270	-
National Industrial Credit Bank	-	3,200,000
	<u>9,950,450</u>	<u>18,694,000</u>
10 Custodians and collection accounts balance	2018 Kshs	2017 Kshs
KCB Collection	475,035	1,242,212
National Bank	425,308	235,945
	<u>900,343</u>	<u>1,478,156</u>
11 Receivables	2018 Kshs	2017 Kshs
Interest receivable on cash and fixed deposits	<u>278,230</u>	<u>-</u>
12 Other payables and accrued expenses	2018 Kshs	2017 Kshs
Audit fees current year	34,800	34,800
Trustee fees	-	55,422
Management fees	315,684	268,081
AGM Fees	8,200	
	<u>358,684</u>	<u>358,303</u>

13. Financial risk management disclosures

The scheme's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the scheme does not hedge any risks.

Risk management is carried out by the approved issuer of the scheme in accordance with policies approved by the Board of Trustees.

Notes (continued)

Financial risk management disclosures (Continued)

Market risk

(i) Foreign exchange risk

The scheme has no investments in offshore markets or in foreign currency and is therefore not exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro.

(ii) Cashflow and fair value interest rate risk

The scheme does not hold any interest bearing financial liability or overdraft at a variable rate which would expose the scheme to cash flow interest rate risk.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on his obligations resulting in financial loss to the scheme and arises principally from the scheme's investments and contributions receivable. The fund does not have any significant concentrations of credit risk. The approved issuer assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the trustees.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The trustees agree with the approved issuer on the amount to be invested in assets that can be easily liquidated.