

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

**DENNIS PAUL & ASSOCIATES
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**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

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**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

TRUSTEES

Natbank Trustees and Investment Services Limited
National Bank Buildings, Harambee Avenue
P.o Box 72866-00200
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 Greenway Apartments, F1
Four Green Street Off Westlands Road
P.O. Box 75374-00200
Nairobi, Kenya

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST DECEMBER 2019**

INCORPORATION AND REGISTERED OFFICE

The Scheme began its operations in April 2007 and is registered under the Retirement Benefits Act, 1997 and the Income Tax Act, CAP 470. 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 2019

The market value of the fund as at 31st December 2019 was Kshs 132,712,570

MEMBERSHIP

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

	2019	2018
	Members	Members
At start of year	492	471
Entrants	54	25
Exits	(3)	(4)
At end of year	<u>543</u>	<u>492</u>

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

INVESTMENT OF FUNDS

The Scheme funds are invested by Zimele Asset Management Company Limited through Kenya Commercial Bank Limited in accordance with the provisions of the Retirement Benefits Act and the regulations made thereunder.

EXPENSES

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

AUDITORS

Dennis Paul & Associates, Certified Public Accountants, who were appointed in 2016 have expressed their willingness to continue in office.

**For the Trustees:
Natbank Trustees and Investment Services Limited**


.....
Trustee




.....
Trustee

Date: 29/05/ 2020

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
STATEMENT OF TRUSTEES' RESPONSIBILITY
FOR THE YEAR ENDED 31ST DECEMBER 2019**

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 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 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 Trustees:
Natbank Trustees and Investment Services Limited**


Trustee
Date: 29/12/2020




Trustee

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
FUND MANAGER'S COMMENTARY
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Optimism returned to the equity market last year after a difficult run in 2018. Despite the tough operating environment that continued to cause distress to many corporates, prices of listed shares edged upwards, mostly in the fourth quarter of last year. The NSE all-share index went up by 19% last year compared to a decline of 18% in 2018. The NSE-20 share index posted negative returns of 6% and 24%, in 2019 and 2018, respectively. By comparison, the Personal Pension Plan posted a return of 10% in 2019 compared to a gain of 4% in 2018. The personal pension's investment performance last year was partly influenced by increasing the allocation of equities from 25% to 30%, and realization of capital gains from sale of shares.

The favorable performance of some listed companies is partly attributed to the lifting of the cap on lending rates, which among other reasons, was limiting access to credit to the private sector because of restrictive lending by banks. Favorable weather conditions, especially in the second half of the year, resulted in improved economic growth, which improved investor confidence on the likely favorable performance of some listed companies.

Going forward, it appears that the global economy is headed for an unprecedented upheaval arising from the adverse effects of covid-19. A combination of supply chain disruptions and demand suppression is likely to lead to a phenomenal negative shock to the economy, and substantial erosion of value of risky assets, including shares. A global recession may also be mirrored at the domestic front, with a serious toll on economic activity leading to a significant decline in tax revenue, earnings from exports, inflows from remittances, and distress to corporates in many sectors. The fiscal stimulus and monetary-easing measures that were activated were not only timely, but will go a long way in absorbing the multiple negative shocks that would have resulted had they not been put in place on time. Overall, the monetary measures are likely to lead to a further decline in interest rates in the money market in 2020, which is likely to lift share prices once covid-19 is on its last legs. Most business models are likely to be radically and permanently altered in the post covid-19 period.

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
FUND MANAGER'S COMMENTARY (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2019**

The greatest challenge in 2020 will be to limit exposure on equities during the time that the covid-19-induced crisis will result in maximum pessimism causing an unprecedented decline in share prices, to getting back to equities when confidence starts to build up. In the short-term, while reviewing the possible nature of the post crisis period, prudence dictates leaning more on fixed income securities for safety and stability.

5 Year Comparative Investment Performance

	ZPPP	NSE-20 Index	NAS Index
2015	8.6%	-21.0%	-10.7%
2016	6.6%	-20.5%	-8.4%
2017	14.7%	15.8%	29.1%
2018	11.7%	-23.5%	-18.0%
2019	14.0%	-6.0%	18.7%

Notes:

ZPPP: Zimele Personal pension Plan

NAS Index: NSE All Share Index

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE CUSTODIAN
FOR THE YEAR ENDED 31ST DECEMBER 2019**

In accordance with the Retirement Benefits (Managers and Custodians) Regulations, 2000 (The Regulations) and the Custody Agreement between KCB Bank Kenya Limited as the Custodian and Natbank Trustees and Investment Services as the Trustee, we confirm that we have discharged the duties prescribed for a Custodian under Regulation 8 of the regulations, to Zimele Personal Pension Plan.

From the period 1st January 2019 to 31st December 2019, we have held the assets for the Zimele Personal Pension Plan, including title documents, securities and income that accrue thereof, to the order of the Trustee and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

By order of the Custodian
KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

.....
CUSTODY SERVICES

For: KCB BANK KENYA LTD.

.....
CUSTODY SERVICES



REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF ZIMELE PERSONAL PENSION PLAN FOR THE YEAR ENDED 31ST DECEMBER 2019

Opinion

We have audited the accompanying financial statements of Zimele Personal Pension Plan, set out on pages 10 to 18, which comprise the statement of changes in net assets, statement of net assets available for benefits as at 31st December 2019, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the fund are prepared, in all material respects, in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefit Act.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Trustees, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole.

Recoverability of bank balances held with Chase Bank (Kenya) Limited

As disclosed in Note 13 to the financial statements, at the reporting date the fund held deposits measured at Shs. 5,760,192 included within cash and demand deposits with SBM Bank (Kenya) Limited. These deposits were transferred from Chase Bank Kenya Limited (In Receivership) as part of the transfer of assets and liabilities. Deposits amounting to Kshs 5,748,188 were retained by Chase Bank Limited in Receivership and the recoverability is doubtful. The fund management resolved to impair the funds with Chase Bank Limited over a period of 5 years /(20%) on straightline basis. The impairment value of Kshs 1,149,638 was written off through the Statement of Changes in Net Assets. The directors have exercised significant judgement and estimation as detailed while assessing the recoverability and measurement of these balances. Because of the significance of these judgements and the value of these balances at the reporting date, this is a key audit matter.

Other Information

The trustees are responsible for the other information. The other information includes report of the Trustees, statement of trustees' responsibilities, fund manger's commentary report of the custodian among others.

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

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

Responsibilities of Management and those charged with Governance for the Financial Statements

The Trustees are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards and the requirements of the Retirement Benefit Authority Act and for such internal control as the directors and management determines 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 Unit trust'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 intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Plan's financial reporting process.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF ZIMELE PERSONAL PENSION PLAN FOR THE YEAR ENDED 31ST DECEMBER 2019

Continued

Auditor's Responsibility

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

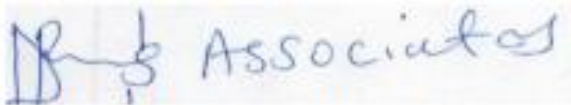
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements As required by the Retirement Benefit Authorities Act.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the Scheme, so far as appears from our examination of those books; and
- iii. The Scheme's balance sheet and profit and loss account, which are referred to as statement of financial position and statement of comprehensive income respectively in this report, are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dennis Paul M Ileri of Practicing Certificate No. 1925



Certified Public Accountants

Date ; 29/05/2020

AUDITING • TAXATION • ACCOUNTING • FINANCIAL CONSULTANCY

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P.O. Box 75374 - 00200 Nairobi - Kenya, Office Cell: | 254 (0) 774 421 228
Email: dpassociates12@gmail.com, paul@dpconsulting.co.ke, www.dpconsulting.co.ke

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Statement of changes in net assets available for benefits

	Notes	2,019 Kshs	2018 Kshs
Income from dealings with members			
Contributions received	5	23,018,179	29,513,713
Outgoings from dealings with members			
Benefits payable	6	(15,195,985)	(12,967,629)
Net additions from dealings with members		<u>7,822,194</u>	<u>16,546,084</u>
Return on investments			
Investment income	7	14,707,815	9,688,003
Change in market value of investments		1,483,715	1,029,749
Net return on investments		<u>16,191,530</u>	<u>10,717,752</u>
Administrative expenses	8	(652,885)	(539,217)
Prior year adjustment		(2,701,888)	126,418
Investment Management expenses	9	(3,597,477)	(3,196,876)
Impairment of chase bank deposits	10	(1,149,637)	-
		<u>(8,101,887)</u>	<u>(3,609,675)</u>
Increase in net assets for the year		<u>15,911,837</u>	<u>23,654,161</u>
Net assets available for benefits at start of the year		115,560,595	91,906,434
Net assets available for benefits at end of year		<u>131,472,432</u>	<u>115,560,595</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019**

Statement of net assets available for benefits as at 31st December 2019

	Notes	2019 Kshs	2018 Kshs
Assets			
Kenya Government Securities	11	59,827,480	53,658,427
Quoted Equities	12	10,195,686	5,790,162
Cash and Fixed deposits	13	10,358,742	14,589,806
Investment in Unit Trust	14	48,706,070	40,694,698
		129,087,978	114,733,093
Other Assets			
Custodian and collection accounts	15	623,294	1,165,240
Receivables	16	2,185,879	50,021
		2,809,173	1,215,261
Liabilities			
Payables and accruals	17	424,720	387,759
		131,472,432	115,560,595
NET ASSETS		131,472,432	115,560,595
FINANCED BY:			
Members' Account and Reserve Fund		131,472,432	115,560,595

The financial statements set out on pages 10 to 18 were approved by the Trustee on2020 and signed on their behalf by:


Trustee

Date: 29/05/ 2020




Trustee

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Statement of changes in Equity

	Net Unit Holders Funds Kshs	Net Surplus Khs	Changes in Fair Value of Investments Kshs	Total Khs
For the year 2018				
As at 1st January 2018	48,083,537	43,897,767	(74,870)	91,906,434
Net Contributions	16,546,085	-	-	16,546,085
Surplus for the period	-	5,960,109	-	5,960,109
Change in fair value of investments	-	-	1,029,749	1,029,749
As at 31 December 2018	64,629,622	49,857,876	954,879	115,442,377
As at 1st January 2019	64,629,622	49,857,876	954,879	115,442,377
Prior period item	(7,074)	(8,295,676)	5,600,862	(2,701,888)
Net Contributions	7,822,194	-	-	7,822,194
Surplus for the period	-	9,307,816	-	9,307,816
Adjustments in the year		118,218	-	118,218
Change in fair value of investments		-	1,483,715	1,483,715
As at 31 December 2019	72,444,742	50,988,234	8,039,456	131,472,432

The Net Unit Holders Fund represents the movement in contributions received and benefits paid to members

The Net Surplus Fund represents the cumulative profit/loss of the scheme

The Change in Fair Value of Investments represents the cumulative gains on the government

The prior period item relates to adjustment for overstated balances in the previous year

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Statement of cash flows

	2019	2018
	Kshs	Kshs
Cashflow from operating activities		
Contributions received	23,018,179	29,513,713
Benefits paid	(15,195,985)	(12,967,627)
Expenses paid	(4,250,362)	(3,736,093)
Impairment of chase bank deposits	(1,149,637)	-
Prior year adjustments	<u>(2,701,888)</u>	<u>126,419</u>
Cash flow before working capital changes	<u>(279,693)</u>	<u>12,936,412</u>
Increase in receivables	(2,135,858)	(50,021)
Decrease in payables and accruals	<u>36,961</u>	<u>64,581</u>
	<u>(2,098,897)</u>	<u>14,560</u>
Net Cash flow from Operating Activities	<u>(2,378,590)</u>	<u>12,950,972</u>
Cash flow from Investing Activity		
Investment income received	14,707,815	9,688,003
Change in market value of investment	1,483,715	1,029,749
<i>Movement in investments:</i>		
Kenya Government Securities	(6,169,053)	(5,871,507)
Bonds	-	1,506,653
Quoted Equities	(4,405,524)	1,958,210
Cash and Fixed deposits	4,231,063	6,687,214
Investment in Unit Trust	<u>(8,011,372)</u>	<u>(27,404,441)</u>
Net cash flow from Investment Activities	<u>1,836,645</u>	<u>(12,406,119)</u>
Net Cash (outflow)/inflow	(541,946)	544,853
(Decrease)/increase in cash and cash equivalents	(541,946)	544,853
Cash and cash equivalents at start of year	<u>1,165,240</u>	<u>620,387</u>
Cash and cash equivalents at end of year	<u>623,294</u>	<u>1,165,240</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Notes

1. Basis of preparation of the financial statements

i) Basis of preparation

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

ii) Statement of compliance

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.

iii) New and revised standards

IFRS 9 Financial Instruments (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018.

2. Accounting policies

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

(a) Contributions

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

(b) Interest income

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

(c) Benefits payable

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

(d) Benefit transfers

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

3 Significant judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Notes (Continued)

4. 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 Fund Manager, Zimele Asset Management Company Limited (ZAMCO). ZAMCO identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

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.

(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.

(iv) 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.

	2019	2018
	Kshs	Kshs
5. Contribution income		
Members - Voluntary Contributions	23,018,179	29,513,713
	<u>23,018,179</u>	<u>29,513,713</u>
6. Benefits payable		
Pensions	15,195,985	12,967,629
	<u>15,195,985</u>	<u>12,967,629</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Notes (continued)

	2019 Kshs	2019 Kshs	2018 Kshs
7. Investment income			
Interest on treasury bonds		8,606,464	6,611,267
Dividend income		211,688	58,300
Interest on call	897,112		
Less: Expected credit loss	<u>(21,712)</u>		
	<u>875,400</u>	875,400	282,651
Rebate on bonds		-	7,065
Interest from unit trust investment		3,811,373	2,200,440
Gain/ loss on sale of shares		1,202,890	528,280
		<u>14,707,815</u>	<u>9,688,003</u>
8 Administrative expenses			
RBA Levy		231,121	183,812
Bank charges		94,063	45,960
Secretarial fees		79,656	69,245
Audit fees		92,800	92,800
Administration and processing		97,245	139,200
IPS fees		58,000	-
Annual general meeting		-	8,200
		<u>652,885</u>	<u>539,217</u>
9 Investment Management expenses			
Fund Manager		3,068,105	2,745,534
Custodian		353,411	341,047
Trustees fees		<u>175,961</u>	<u>110,295</u>
		<u>3,597,477</u>	<u>3,196,876</u>
10 Impairment of bank deposits			
Chase bank (See note 18)		<u>1,149,638</u>	<u>-</u>
		<u>1,149,638</u>	<u>-</u>
11 Government Bonds			
Treasury Bonds		59,827,480	53,204,145
Treasury Bills		-	454,282
		<u>59,827,480</u>	<u>53,658,427</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Notes (continued)	2019 Kshs	2018 Kshs
12 Quoted Equities		
Banking	6,056,436	4,284,891
Commercial and services	63,909	1,454,057
Manufacturing and allied	2,405,841	51,214
Telecommunication	1,669,500	-
	<u>10,195,686</u>	<u>5,790,162</u>
13 Cash and demand deposits		
Chase bank (See note 18)	4,598,550	5,748,188
SBM Bank	<u>5,760,192</u>	<u>8,841,618</u>
	<u>10,358,742</u>	<u>14,589,806</u>
14 Investments in unit trust		
Investment in unit trust	<u>48,706,070</u>	<u>40,694,698</u>
	<u>48,706,070</u>	<u>40,694,698</u>
15 Custodians and collection accounts balance		
KCB Collection	308	169,462
National Bank	151,632	142,652
Custody account	471,354	853,126
	<u>623,294</u>	<u>1,165,240</u>
16 Receivables		
Interest receivables on Govt Bonds	1,710,479	7,415
Interest receivables on call (See Note 18)	<u>475,400</u>	<u>42,606</u>
	<u>2,185,879</u>	<u>50,021</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Notes (continued)

17 Other payables and accruals	2019	2018
	Kshs	Kshs
Audit fees current year	92,800	92,800
Trustee fees	48,270	33,754
Management fees	283,650	253,005
Annual general meeting(AGM)Fees	-	8,200
	<u>424,720</u>	<u>387,759</u>

18 IFRS 9 disclosures

Impairment and expected credit loss

The Fund assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the statement of changes in net assets.

i) Impairment :

	<u>Carrying</u> <u>value</u>	<u>Impairment</u> <u>@ 20%</u>	<u>Carrying</u> <u>value</u>
	<u>1/1/2019</u>		<u>31/12/2019</u>
Chase bank balance	<u>5,748,188</u>	<u>(1,149,638)</u>	<u>4,598,550</u>

The impairment rate applied is 20%, to be amortized over a useful life of 5 years on straightline basis

ii) Expected Credit Loss (ECL):

The fixed deposits in the year comprise of cash and demand deposits as follows;

	2019	
	Kshs	
Chase bank	4,598,550	
SBM Bank	5,760,192	
Interest receivable on calls;		
Interest receivable in the year	497,112	
Expected credit loss(ECL)	<u>(21,712)</u>	
	<u>475,400</u>	475,400
	<u>10,834,143</u>	

Effect of IFRS 9 on the Fixed Deposits

	Band 1	Band 2	Band 3	Band 4	Band 5
Time Bands	Within 30 days	31 - 60	61- 90	91-120	Over 120
ECL Rate	0.00%	0.05%	0.10%	0.15%	0.20%
Deposit Amount					10,855,854
Lifetime ECL	-	-	-	-	(21,712)
Net	-	-	-	-	<u>10,834,143</u>