

**ZIMELE PERSONAL PENSION PLAN  
REPORT TO THE SCHEME MEMBERS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**AUDITOR**

Muli Daniels & Associates LLP  
Certified Public Accountants  
Mombasa Road, SkyGo House  
P.O.Box 46852-00100  
Nairobi, Kenya

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

<b>Table of Contents</b>	<b>Page</b>
Trustees and advisors to the Scheme	1
Report of trustees	2-3
Statement of trustees' responsibilities	4
Fund Manager's Commentary	5
Report of the Custodian	6
Report of the independent auditors	7-8
Financial statements:	
Statement of Changes in Net Assets	9
Statement of Net Assets available for Benefits	10
Statement of Changes in Equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 17

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
TRUSTEES AND ADVISORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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**

Muli Daniel & Associates LLP  
Certified Public Accountants  
P.O.Box 46852-00100  
Nairobi, Kenya

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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 2020**

The market value of the fund as at 31st December 2020 was Kshs 135,468,063.

**MEMBERSHIP**

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

	<b>2020</b>	<b>2019</b>
	<b>Members</b>	<b>Members</b>
At start of year	560	507
Entrants	41	54
Exits	(3)	(1)
At end of year	<u><b>598</b></u>	<u><b>560</b></u>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
REPORT OF THE TRUSTEES (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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**

Muli Daniels & Associates, Certified Public Accountants, who were appointed in 2020 have expressed their willingness to continue in office.

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



.....

Date:..... 25 - Mar - ..... 2021

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
STATEMENT OF TRUSTEES' RESPONSIBILITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

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 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**

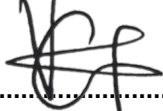
The Zimele Personal Pension Plan is an approved Scheme within the meaning of The Retirement Benefits Act and The Regulations made thereunder;

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**

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
FUND MANAGERS COMMENTARY- PENSIONS AND PANDEMIC  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

There is little doubt that the effects of the covid-19 pandemic in disrupting our normal way of life is so far unprecedented. The experience from the pandemic also goes to show how difficult it is to predict the future, especially events that might have far-reaching consequences for years to come. An example from the recent past is the global financial crisis of 2007/09, which many analysts never saw coming. The reality from these experiences is that we shall probably continue to experience more such crises in the future.

Last year's under-performance in equity markets is mainly due to the effects of the covid-19 pandemic arising from the massive disruption to economic activity related to the various public health protocols that suddenly became mandatory by law, such as the dusk to dawn curfews and social distancing.

The maximum impact to the economy was felt in June, and the worst hit sectors were accommodation and restaurants which contracted by 83% and education which shrunk by 56% following the closure of restaurants and schools; the economy contracted by an unprecedented 5.5% by June last year with a reported 1.8 million people losing their jobs. Official data shows the economy contracted by 0.5% between January and September 2020 compared to growth of 5.4% during the same period in 2019, with all indications that the 2020 annual growth rate might be the lowest ever recorded so far.

Past trends reveal that stock markets operate in cycles where periods of severe declines are usually followed by periods of recovery, often resulting in above-average returns. However, the effect of covid-19 on share prices is unprecedented since the causes of previous stock market slumps was shocks induced by either domestic political

The caveat this time is that some industries may never go back to how they used to operate before the pandemic, with a similar consequence on their profitability. The level of adoption of technology by companies could be one of the factors that determine which companies will bounce back once the adverse effects of the pandemic start to wane. The pandemic has clearly accelerated the adoption of technology, particularly in the services sector, where minimum physical contact might be the norm for a long time to come.

The NSE 20-share index declined by 30% last year compared to a decline of 6% in 2019. By comparison; the NSE all share index declined by 8% last year compared to a gain of 19% in 2019. The Zimele Personal Pension Fund posted a total return of 7.43% last year compared to a gain of 113.77% in 2019, mainly as a result of underperformance of shares related to covid-19. Net assets grew by 4% to ksh.136 million compared to an increase of 14% in 2019.

Going forward, the investment strategy will continue to focus on strengthening performance by relying on fixed income securities for stability, and taking a selective but cautious approach to equities for growth as the disruptive effects of the pandemic continue to fade.

**5 Year Comparative Investment Performance**

	<b>ZPPP</b>	<b>Inflation</b>	<b>NAS Index</b>
2016	6.6%	6.3%	-8.4%
2017	14.7%	8.0%	29.1%
2018	11.7%	4.7%	-18.0%
2019	14.0%	5.2%	18.7%
2020	7.4%	5.3%	-8.4%

**Notes:**

**ZPPP:** Zimele Personal pension Plan

**Inflation:** Overall rate of inflation

**NAS Index:** NSE All Share Index

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
REPORT OF THE CUSTODIAN  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

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 1 January 2020 to 31 December 2020, 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.

---

For: KCB BANK KENYA LTD.



.....  
CUSTODIAN

For: KCB BANK KENYA LTD.



.....  
CUSTODIAN



## **Report of the Independent auditor to the members of Zimele Personal Pension Plan for the period of the year ended 31 December 2020**

### **Opinion**

We have audited the accompanying financial statements of Zimele Personal Pension Fund, set out on pages 10 to 17, which comprise the statement of financial position as at 31 December 2020, the income statement and statements of changes in funds and reserves and cashflows for the year then ended, and notes, including a summary of significant accounting policies.

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

### **Basis for 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.

#### **Provisions for expected credit loss**

The fund has some provisions on the fixed deposits of Chase Bank balance. We tested the calculation of the provisions based on the ECL model.

The provisions are based on judgements and estimates made by management and as calculated using ECL model

We assessed the assumptions against available pronouncements and historical events.

The total deposit amount over 120 days is shs. 3,448,913. The fund expects to impair the remaining balance over its useful life on a straight line basis. Full realisation of IFRS 9 is yet to be achieved

#### **Other information**

The trustees are responsible for the other information. The other information includes report of the Trustees, statement of trustees' responsibilities, fund manager'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.

#### **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.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i) identify and assess the risk of material misstatement of 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 is not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

ii) 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 organisation's internal control.

iii) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.

iv) conclude on the appropriateness of management's use of the ongoing concern basis of the accounting and, based on the audit evidence obtained, whether a material uncertainty exist 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 exist, 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 auditor's report. However, future events or conditions may cause the organization to cease to continue

v) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal requirements.**

As required by the Retirement 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 organisation, 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 Dorcas Multi-P/No.2109**



**Certified Public Accountants**

**30 March 2021**

**Nairobi ,Kenya**

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Statement of changes in net assets**

	Notes	2020 Kshs	2019 Kshs
<b>Income from dealings with members</b>			
Contributions received	5	22,031,926	23,018,179
<b>Outgoings from dealings with members</b>			
Benefits payable	6	(22,256,949)	(15,195,985)
		-	-
<b>Dealings with members</b>		<b><u>(225,024)</u></b>	<b><u>7,822,194</u></b>
<b>Return on investments</b>			
Investment income	7	12,522,686	14,707,815
Change in market value of investments		(2,749,436)	1,483,715
<b>Net return on investments</b>		<b><u>9,773,251</u></b>	<b><u>16,191,530</u></b>
Administrative expenses	8	(742,154)	(652,885)
Prior year adjustment		-	(2,701,888)
Investment Management expenses	9	(3,964,034)	(3,597,477)
Impairment of Chase Bank deposits		(1,149,638)	(1,149,638)
Change in provision for expected credit loss		14,814	-
		<u>(5,841,012)</u>	<u>(8,101,888)</u>
<b>Increase in net assets for the year</b>		<b><u>3,707,215</u></b>	<b><u>15,911,836</u></b>
Net assets available for benefits at start of the year		131,472,431	115,560,595
<b>Net assets available for benefits at end of year</b>		<b><u>135,179,646</u></b>	<b><u>131,472,431</u></b>

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER 2020**

**Statement of net assets available for benefits**

	Notes	2020 Kshs	2019 Kshs
<b>Assets</b>			
Kenya Government Securities	11	67,781,200	59,827,480
Quoted Equities	12	22,881,552	10,195,686
Cash and demand deposits	13	6,214,942	10,358,742
Investment in Unit Trust		33,817,520	48,706,070
		<b>130,695,214</b>	<b>129,087,978</b>
<b>Current Assets</b>			
Custodian and collection accounts	15	1,975,898	623,294
Income Receivable	16	2,796,952	2,185,879
		<b>4,772,850</b>	<b>2,809,173</b>
<b>Liabilities</b>			
Other payables and accrued expenses	17	288,417	424,720
			-
<b>TOTAL NET ASSETS</b>		<b>135,179,646</b>	<b>131,472,431</b>
<b>FINANCED BY:</b>			
<b>Members' Account and Reserve Fund</b>		<b>135,179,646</b>	<b>131,472,431</b>

The financial statements set out on pages 11 to 18 were approved by the Trustee on  
30 March  
.....2021 and signed on their behalf by:



.....  
**Trustee**

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2020**

**Statement of changes in Equity**

	<b>Net Unit Holders Funds Kshs</b>	<b>Net Surplus Khs</b>	<b>Changes in Fair Value of Investments Kshs</b>	<b>Total Khs</b>
<b>For the year 2019</b>				
As at 1st January 2019	64,629,622	49,857,876	954,879	115,442,377
Prior year	(7,074)	(8,295,676)	5,600,862	(2,701,888)
<b>Net Contributions</b>	7,822,194	-	-	7,822,194
Surplus for the period	-	9,307,816	-	9,307,816
Prior year adjustment	-	118,218	-	118,218
Change in fair value of investment	-	-	1,483,715	1,483,715
As at 31 December 2019	<b>72,444,742</b>	<b>50,988,234</b>	<b>8,039,456</b>	<b>131,472,432</b>
<b>For the year 2020</b>				
As at 1st January 2020	72,444,742	50,988,234	8,039,456	131,472,432
Net Contributions	(210,210)	-	-	(210,210)
Surplus for the period	-	6,666,861	-	6,666,861
Change in fair value of investments	-	-	(2,749,436)	(2,749,436)
As at 31 December 2020	<b>72,234,532</b>	<b>57,655,095</b>	<b>5,290,018</b>	<b>135,179,646</b>

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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

**2. Accounting policies**

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

**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 31 DECEMBER 2020**

**Statement of cash flows**

	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operations</b>		
Contributions received	22,031,926	23,018,179
Benefits paid	(22,256,949)	(15,195,985)
Expenses paid	(4,706,188)	(4,250,362)
Prior year adjustments	-	(2,701,888)
Impairment of chase bank deposits	(1,149,638)	(1,149,637)
Provision for expected credit loss	14,814	-
<b>Net Cash flow from operations</b>	<b><u>(6,066,035)</u></b>	<b><u>(279,693)</u></b>
<b>Working Capital Changes</b>		
(Increase) / Decrease in Receivables	(611,073)	(2,135,858)
Increase / ( Decrease) in Payables	(136,303)	36,961
	<u>(747,376)</u>	<u>(2,098,897)</u>
<b>Net Cash flow from Operating Activities</b>	<b><u>(6,813,411)</u></b>	<b><u>(2,378,590)</u></b>
<b>Cash flow from Investing Activity</b>		
Investment income received	12,522,686	14,707,815
Change in market value of investment	(2,749,436)	1,483,715
<i>Movement in investments:</i>		
Kenya Government Securities	(7,953,720)	(6,169,053)
Quoted Equities	(12,685,866)	(4,405,524)
Cash and Fixed deposits	4,143,800	4,231,063
Investment in Unit Trust	14,888,550	(8,011,372)
<b>Net cash flow from Investment Activities</b>	<b><u>8,166,015</u></b>	<b><u>1,836,644</u></b>
<b>Cashflow from Financing Activities</b>		
<b>Net cash flow from investing Activities</b>	<u>-</u>	<u>-</u>
<b>Net Cash Inflow/ (outflow)</b>	<b>1,352,604</b>	<b>(541,946)</b>
Cash and cash equivalents at start of year	623,294	1,165,240
<b>Cash and cash equivalents at end of year</b>	<b><u>1,975,898</u></b>	<b><u>623,294</u></b>

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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.

	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>5. Contribution income</b>		
Members - Voluntary Contributions	22,031,926	23,018,179
	<u><u>22,031,926</u></u>	<u><u>23,018,179</u></u>
<b>6. Benefits payable</b>		
Pensions	22,256,949	15,195,985
	<u><u>22,256,949</u></u>	<u><u>15,195,985</u></u>



**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>Notes continued</b>		
<b>7. Investment income</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest on T Bonds	7,750,097	8,606,464
Dividend income	625,960	211,688
Interest on call	219,958	875,400
Interest on T. Bill	95,115	-
Interest in mmf invest	3,611,450	3,811,373
Gain/ loss on sale of shares	220,107	1,202,890
	<b><u>12,522,686</u></b>	<b><u>14,707,815</u></b>
<b>8. Administrative expenses</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
RBA Levy	265,425	231,121
Bank charges	147,179	94,063
Secretarial fees	77,339	79,656
Audit fees	92,800	92,800
Administration and processing	159,411	97,245
IPS Fees	-	58,000
	<b><u>742,154</u></b>	<b><u>652,885</u></b>
<b>9. Investment Management expenses</b>	<b>Kshs</b>	<b>Kshs</b>
Fund Manager	3,314,695	3,068,105
Custodian	499,417	353,411
Trustees fees	149,923	175,961
	<b><u>3,964,034</u></b>	<b><u>3,597,477</u></b>
<b>10. Impairment of Bank Deposits</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
	<u>1,149,638</u>	<u>1,149,638</u>
<b>11. Government Bonds</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Treasury Bonds	67,781,200	59,827,480
	<b><u>67,781,200</u></b>	<b><u>59,827,480</u></b>
<b>12. Quoted Equities</b>		
Equity Bank shares	2,369,291	6,056,436
Commercial and services-Cum shares	16,359,008	63,909
Manufacturing and allied-EABL	2,979,986	2,405,841
Telecommunacation- Safaricom shares	1,173,267	1,669,500
	<b><u>22,881,552</u></b>	<b><u>10,195,686</u></b>

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Notes continued**

<b>13 Cash and Demand deposits</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Chase bank	3,448,913	4,598,550
SBM Bank	-	5,760,192
Cummulative Call	2,766,029	-
	<u>6,214,942</u>	<u>10,358,742</u>
<b>14 Investment in Unit Trust</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Investment in unit Trust	<u>33,817,520</u>	<u>48,706,070</u>
<b>15 Custodians and collection accounts balance</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
KCB Collection	1,276	308
National Bank	11,352	151,632
Custody account	1,963,270	471,354
	<u>1,975,898</u>	<u>623,294</u>
<b>16 Receivables</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest receivables on Govt Bonds	1,946,883	1,710,479
Interest receivables on calls	717,069	475,400
Dividends Receivable	133,000	-
	<u>2,796,952</u>	<u>2,185,879</u>
<b>17 Other payables and accrued expenses</b>	<b>2020</b>	<b>2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Audit fees current year	-	92,800
Trustee fees	0.03	48,270
Management fees	281,519	283,650
Provision for Expected Credit Loss	6,898	-
	<u>288,417</u>	<u>424,720</u>

**ZIMELE PERSONAL PENSION PLAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Notes (continued)**

**18 IFRS 9 Disclosures**

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 any 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 assets carrying amount and the present value of the estimated future cashflows discounted at the financial assets original effective interest rate. The carrying amount of 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.

<b>i) Impairment :</b>	<b>Carrying value 01-01-20</b>	<b>Impairment @ 20%</b>	<b>Carrying value 31-12-20</b>
Chase bank balance	<u>4,598,550</u>	<u>(1,149,638)</u>	<u>3,448,913</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;

	<b>2020 Kshs</b>
Chase bank	3,448,913
SBM Bank	-
<b>Interest receivable on calls;</b>	
Interest receivable in the year	<u>717,069</u>
	<u>717,069</u>
	<u><b>4,165,982</b></u>

**Effect of IFRS 9 on the Fixed Deposits**

Time Bands	Band 1	Band 2	Band 3	Band 4	Band 5
	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	<u>2,766,029</u>				<u>3,448,913</u>
Lifetime ECL	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,897.83</u>
Lifetime ECL (2019)					21,711.71
Change					<b>14,813.88</b>

i) Impairment :

Chase bank balance

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;

Chase bank  
SBM Bank

**ZIMELE PERSONAL PENSION PLAN**

Effect of IFRS 9 on the Fixed Deposits

	Band 1	Band 2	Band 3	Band 4	Band 5	Amount Written Off
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	2,766,029.13				3,448,912.80	1,149,637.60
Lifetime ECL	-	-	-	-	6,897.83	
Lifetime ECL (2019)					21,711.71	
Change					14,813.88	