

**ZIMELE PERSONAL PENSION PLAN
REPORT TO THE SCHEME MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021**

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**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

TRUSTEES

Kingsland Court Trustee Services Limited
Flamingo Towers, 1st Floor
Corner Mara Road/Hill Lane, Upper Hill
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

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

AUDITORS

Muli Daniels & 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 2021**

INCORPORATION AND REGISTERED OFFICE

The Scheme began its operations in 2007 and is registered under the Retirement Benefits Act, 1997 and the Income Tax Act, CAP 470 for purposes of Tax Exemption . The registered office of the Scheme 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.

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 2021

The market value of the fund as at 31st December 2021 was Kshs 145,679,404.90
(2020:135,179,646)

MEMBERSHIP

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

	2021	2020
	Members	Members
At start of year	598	560
Entrants	91	41
Exits	(2)	(3)
At end of year	<u><u>687</u></u>	<u><u>598</u></u>

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

SCHEME GOVERNANCE DISCLOSURE STATEMENT

1. Trustees in office

Name of Trustee	Age	Category	No. of Meetings attended during year	Certified (Yes/No)	Highest Qualification	Membership of other Trustee Boards
(Corporate Trustee) Kingsland Court Trustee Services Limited	N/A	Independent	Five	Yes	N/A	Yes

2. Dates of Trustee Board Meetings

The trustee held four trustee meetings with service providers and one Annual General Meeting of members of the Scheme during the year ended **31 December 2021**. The meetings were held on the dates set out below:

- (a) 9 March 2021- Trustee Meeting
- (b) 3 June 2021- Trustee Meeting
- (c) 21 September 2021 – Trustee Meeting
- (d) 14 October 2021- Trustee Meeting

3. Composition of Trustee Board - N/A – Corporate Trustee

4. Committees of the Board - N/A – Corporate Trustee

The Corporate Trustee's main body for discharging its duties is its Corporate Trustee Services Committee ("CTSC"). This body operates very much like a trustee board and meets formally at least once per quarter. CTSC reviews the schemes' operations and governance under the broad headings of "Finance and Investments", "Governance, Audit and Risk" and "Member Administration, Relations and Services" focusing on reports from the service providers as well as other material. Service providers and representatives of the founder attend these meetings.

5. Fiduciary responsibility statement

The Corporate Trustee is the governing body of the **Zimele Personal Pension Plan** and is responsible for the corporate governance of the Scheme. The Trustee is responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the trustee embraces its fiduciary responsibility by:

- (a) Acting honestly and not improperly using inside information or abuse its position;
- (b) Exercising the highest degree of care and diligence in the performance of its duties that a reasonable person in a like position would exercise in the circumstances; and
- (c) Performing its duties with the requisite degree of skill.

The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.

6. Responsible corporate citizenship

The scheme is 100% invested in a segregated basis and has not been involved in any activity that may undermine the well-being of the sponsor, members or the community in which it operates.

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Key outcomes

The Trustee seeks to achieve the following:

- (a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- (b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- (c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

The Trustee will measure the progress towards these outcomes through:

- (a) Triennial members' survey score. The Trustee is yet to conduct a survey to monitor the progress and success of this;
- (b) Regular Reports, feedbacks and meetings with the Sponsor. The Trustee held a special meeting with the Sponsor representative in the FY2021 on 14 October 2021 where the Trustee discussed with the Sponsor regulatory matters and Scheme activities.

8. Annual general meeting

The Scheme Annual General Meeting for FY2020 was held on 27 May 2021, a sufficient number of members attended the meeting. All concerns and questions from attending members were adequately addressed by the Trustee and services providers present.

9. Members' sensitization

Members were sensitized regarding various options available to them following release of legal notices allowing member to access their benefits for purposes of home purchases at the Annual General Meeting.

10. Trustee remuneration policy

The Trustee was remunerated in accordance with the contract entered between the Trustee, Kingsland Court Trustee Services Limited and Zimele Asset Management Company Limited. All Scheme expenses are borne by the Scheme.

Signed
(Chairperson)

Dated 27/03/22

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 during the Annual General Meeting held in the year 2020 have expressed their willingness to continue in the office.

For the Trustees:



Date: 29/03 2022



**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
STATEMENT OF TRUSTEES' RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Retirement Benefits (Individual 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 accept 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 (Individual 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

The Trustee certifies 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

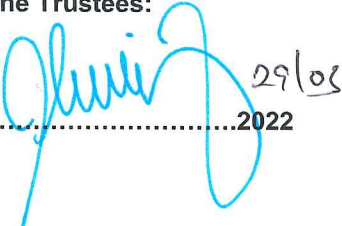
The Zimele Personal Pension Plan is an approved Scheme within the meaning of The Retirement Benefits Act and The Regulations made thereunder;

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:


Date.....2022

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
FUND MANAGERS COMMENTARY
FOR THE YEAR ENDED 31 DECEMBER 2021**

Recent trends in the fight against covid-19 indicating sharp declines in new infections, hospitalizations and even deaths suggests that it might not be long before covid-19 is downgraded from pandemic status. Arguably, no single event in the current millennium can compare to covid-19 in terms of the scale of death, disruption and damage globally in a period of just two years. Eventually, the covid-19 pandemic will fade away to be replaced by other challenges, hopefully less apocalyptic.

It is important to internalize the lessons from the pandemic, especially regarding the need for emergency savings. The sudden disruption to livelihoods and incomes should be a constant reminder that emergencies come without any warning and can cause unimaginable damage to our finances, and even our wellbeing. The importance of having pension savings was magnified by the effects of the pandemic. Individuals whose incomes were disrupted by the pandemic were able to access part of their pension benefits after depleting their primary savings, thereby enabling them to cushion their lifestyle during the worst times of the pandemic.

As businesses and personal incomes continue to recover, it is important to increase contributions to your pension account either to replenish what had been withdrawn or continue to build up contributions towards a comfortable lifestyle in retirement. Currently, tax benefits apply to contributions of up to ksh.20,000 per month or ksh.240,000 per year; Nonetheless, one can still contribute amounts above this but they would not be eligible for tax benefits.

More importantly, it is not only salaried persons who should set a monthly contribution target, the ksh.100 minimum contribution of the Zimele Personal Pension Plans can accommodate individuals at different levels of income. Persons who are self-employed, and more so in the informal sector, should set quarterly, half-yearly or even annual targets of pension contributions based on the income cycle of their businesses. Also, in as much as persons in self-employment might choose to remain economically active for a longer duration past the retirement age of sixty years, a pension is a form of income security against the vagaries of old age, top of which is challenges related to diminishing health and energy. A time will inevitably come when even the most active and energetic person will have to slow down and eventually hang their boots as far as day to day running of a business is concerned, and this is when having ample pension benefits will enable a comfortable life in old age, and in the process even help to increase one's longevity.

On investment performance, the fund posted a return of 10.26% in 2021 compared to a return of 7.4% in 2020; by comparison the NSE all share index recorded gains of 9.3% last year, relative to losses of 8.4% in 2020. Net return on investments increased by 42% to ksh.13.86 million last year compared to a decline of 40% in 2020. The favorable investment performance was mainly due to the stability from interest-bearing fixed income investments which comprised 80% of total investments last year relative to 19% held in shares. Additionally, the net assets of the fund grew by 8% to ksh.145 million last year compared to an increase of 3% in 2020.

Performance of share prices at the NSE this year will be influenced by the environment in which the general elections are conducted. Political uncertainty is an outcome of election jitters and inevitably leads to lower share prices. However, the fact that the personal pension plan is long term in orientation means that lower share prices will present an opportunity to buy into companies with good prospects for future gains.

We would like to take this opportunity to thank you for your support, and will continue to do our best to provide you with good investment performance and exemplary customer experience.

5 Year Comparative Investment Performance

	ZPPP	NAS Index	Inflation
2017	14.7%	29.1%	8.0%
2018	11.7%	-18.0%	4.7%
2019	13.8%	18.7%	5.2%
2020	7.4%	-8.4%	5.3%
2021	10.3%	9.3%	6.1%

Notes:

ZPPP: Zimele Personal pension Plan

Inflation: Overall rate of inflation

NAS Index: NSE All Share Index

For the Trustees:

Date..... 2022

**ZIMELE PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE CUSTODIAN
FOR THE YEAR ENDED 31 DECEMBER 2021**

We confirm that the assets of Zimele Personal Pension Plan were kept in segregated accounts

We confirm that the investments that we placed in respect of the assets of Zimele Personal Pension Plan were maintained within the authorized asset classes as per the Retirement Benefits Authority guidelines.

We confirm that reporting on assets held under custody, was carried out to the Corporate Trustees as per the Retirement Benefits Authority guidelines.

We confirm that transaction records for all the assets of Zimele Personal Pension Plan are held by the Custodian.



Report of the Independent auditor to the members of Zimele Personal Pension Plan for the year ended 31 December 2021

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 2021, 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

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 company in accordance with the *International Ethics Standards Board for Accountants' Code of ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. There were no Key Audit Matters

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.

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 as a going concern.

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 Net Assets available for Benefits and Statement of Changes in Net Assets 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
Nairobi ,Kenya**

Date.....30/3/2022

ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Changes in Net Assets

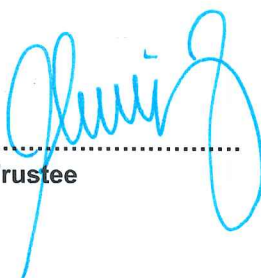
	Notes	2021 Kshs	2020 Kshs
Income from dealings with members			
Contributions received	5	9,250,083	22,031,926
Outgoings from dealings with members			
	6	(6,855,430)	(22,256,949)
		-	-
Net dealings with members		<u>2,394,653</u>	<u>(225,024)</u>
Return on Investments			
Investment income		13,448,659	12,522,686
Change in market value of investments		895,529	(2,749,436)
Net return on Investments		<u>14,344,187</u>	<u>9,773,251</u>
Administrative expenses	8	(686,839)	(742,154)
Investment management expenses	9	(4,359,114)	(3,964,034)
Impairment of Chase bank deposits		(1,149,638)	(1,149,638)
Change in provision for expected credit loss		-	14,814
		<u>(6,195,591)</u>	<u>(5,841,012)</u>
Increase in net assets for the year		<u>10,543,249</u>	<u>3,707,215</u>
Net Assets available for Benefits at start of the year		135,179,646	131,472,431
Net Assets available for Benefits at end of year		<u>145,722,895</u>	<u>135,179,646</u>

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2021**

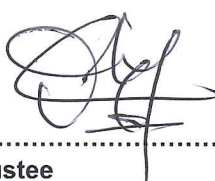
Statement of Net Assets available for Benefits

	Notes	2021 Kshs	2020 Kshs
Fixed Assets			
Government Securities	11	69,280,725	67,781,200
Quoted Equities	12	26,919,054	22,881,552
	13	5,299,275	6,214,942
Investment in Unit Trust	14	39,796,123	33,817,520
		<u>141,295,178</u>	<u>130,695,214</u>
Current Assets			
Custodian and Collection accounts	15	1,029,815	1,975,898
Receivables	16	3,414,281	2,796,952
		<u>4,444,097</u>	<u>4,772,850</u>
Liabilities			
Payables and Provisions	17	16,380	288,417
TOTAL NET ASSETS		<u>145,722,895</u>	<u>135,179,646</u>
FINANCED BY:			
Members' Account and Reserve Fund		<u>145,722,895</u>	<u>135,179,646</u>

The financial statements set out on pages 11 to 18 were approved by the Trustee on 29/03 2022 and signed on their behalf by:


Trustee




Trustee

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

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 2020				
As at 1st January 2020	72,444,742	50,988,234	8,039,456	131,472,432
Net contributions	(225,024)	-	-	(225,024)
	-	7,550,357	-	7,550,357
Change in Fair Value of investments	-	-	(2,749,436)	(2,749,436)
As at 31 December 2020	72,219,718	58,538,591	5,290,020	136,048,330

For the year 2021

As at 1st January 2021	72,219,718	58,538,591	5,290,020	136,048,330
Net contributions	2,394,653	-	-	2,394,653
Surplus for the period		7,253,067	-	7,253,067
Change in Fair Value of investments	-	-	895,529	895,529
As at 31 December 2021	74,614,371	65,791,658	6,185,547	146,591,578

ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Cash Flows

	2021	2020
	Kshs	Kshs
Contributions received	9,250,083	22,031,926
Benefits paid	(6,855,430)	(22,256,949)
	(5,045,954)	(4,706,188)
Impairment of chase bank deposits	(1,149,638)	(1,149,638)
Provision for expected credit loss	-	14,814
Net cash flow from operations	(3,800,938)	(6,066,035)
Working Capital		
(Increase) / Decrease in Interest receivables	(617,330)	(611,073)
Increase / (Decrease) in Payables and provisions	(272,037)	(136,303)
	(889,366)	(747,376)
Net Cash flows from operating activities	(4,690,305)	(6,813,411)
Cash Flows from Investing Activities		
Investment income received	13,448,659	12,522,686
Change in market value of investment	895,529	(2,749,436)
Movement in Investments:		
Government Bonds	(1,499,526)	(7,953,720)
Quoted Equities	(4,037,502)	(12,685,866)
Cash and Fixed deposits	915,666	4,143,800
Investment in Unit Trust	(5,978,603)	14,888,550
Net cash flows from investment activities	3,744,223	8,166,015
Net cash flows from investing Activities	-	-
Net Cash Inflows/ (outflows)	(946,082)	1,352,604
Cash and Cash equivalents at start of year	1,975,898	623,294
Cash and Cash equivalents at end of year	1,029,816	1,975,898

**ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Notes

1. Basis of preparation of the financial statements

i) Basis of preparation

The financial statements are presented in Kenya Shillings (KShs), 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 (Individual 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:

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 2021**

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.

	2021 Kshs	2020 Kshs
5.		
Members - voluntary contributions	9,250,083	22,031,926
	<u>9,250,083</u>	<u>22,031,926</u>
6. Benefits payable	2020 Kshs	2020 Kshs
Pensions paid	<u>6,855,430</u>	<u>22,256,949</u>

ZIMELE PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes continued		
7. Investment income	2021	2020
	Kshs	Kshs
Interest on Treasury Bonds	8,624,624	7,750,097
Dividend income	843,534	625,960
Interest on Calls	58,852	219,958
Interest on Treasury Bills	-	95,115
Interest in Unit Trust investment	3,478,603	3,611,450
Gain/ loss on sale of shares	443,046	220,107
	13,448,659	12,522,686
8. Administrative expenses	2021	2020
	Kshs	Kshs
RBA Levy	270,359	265,425
Bank charges	22,970	147,179
Secretarial fees	-	77,339
	64,310	92,800
Administration and processing	163,200	159,411
Consultancy fees	108,000	-
IPS fees	58,000	-
	686,839	742,154
9. Investment management expenses	2021	2020
	Kshs	Kshs
Fund Manager fees	3,568,947	3,314,695
Custodian fees	471,275	499,417
Trustees fees	318,893	149,923
	4,359,114	3,964,034
10. Impairment of Bank deposits	2021	2020
	Kshs	Kshs
	1,149,638	1,149,638
11. Government Securities	2021	2020
	Kshs	Kshs
Treasury Bonds	69,280,725	67,781,200
	69,280,725	67,781,200
12. Quoted Equities	2021	2020
	Kshs	Kshs
Banking	10,773,213	2,369,291
Commercial and services-Cum shares	3,109,400	16,359,008
Manufacturing and Allied	7,913,191	2,979,986
Telecommunication & Technology	5,123,250	1,173,267
	26,919,054	22,881,552

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Notes continued

13 Cash and Fixed deposits	2021	2020
	Kshs	Kshs
Chase bank	2,299,275	3,448,913
Cummulative Call	3,000,000	2,766,029
	<u>5,299,275</u>	<u>6,214,942</u>
14 Investment in Unit Trust	2021	2020
	Kshs	Kshs
Investment in Money Market Fund	<u>39,796,123</u>	<u>33,817,520</u>
15 Custodians and Collection accounts balance	2021	2020
	Kshs	Kshs
KCB Collection	1,853	1,276
National bank collection	49,832	11,352
	978,131	1,963,270
	<u>1,029,815</u>	<u>1,975,898</u>
16 Receivables	2021	2020
	Kshs	Kshs
Interest receivables on Treasury Bonds	2,077,512	1,946,883
Interest receivables on calls	1,336,770	717,069
Dividends receivable	-	133,000
	<u>3,414,281</u>	<u>2,796,952</u>
17 Payables and Provisions	2021	2020
	Kshs	Kshs
Audit fees current year	64,310	-
Audit fees 2020 reversed	(54,828)	-
Investment Management fees	-	281,519
Provision for Expected Credit Loss	6,898	6,898
	<u>16,380</u>	<u>288,417</u>

**ZIMELE PERSONAL PENSION PLAN
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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.

i) Impairment :	Carrying value 1/1/2021	Impairment @ 20%	Carrying value 12/31/2021
Chase bank balance	3,448,913	(1,149,638)	2,299,275

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;

	2021 Kshs
Chase bank	2,299,275
SBM Bank	-
Interest receivable on calls;	
Interest receivable in the year	-
	2,299,275

Effect of IFRS 9 on the Fixed Deposits

Time Bands	Band 1 Within 30 days	Band 2 31 - 60	Band 3 61- 90	Band 4 91-120	Band 5 Over 120	Amount Written Off
ECL Rate	0.00%	0.05%	0.10%	0.15%	0.20%	
Deposit Amou	3,000,000.00				2,299,275.20	1,149,637.60
Lifetime ECL	-	-	-	-	4,598.55	
Lifetime ECL (2020)					6,897.83	
Change					2,299.28	