

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

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**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
TRUSTEE 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

AUDITOR

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

**ZIMELE GUARANTEED 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 2009 and is registered under the Retirement Benefits Act,

1997. The registered office is at Ecobank Towers, 7th Floor on Muindi Mbingu Street, Nairobi

INVESTMENT OBJECTIVES

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

CHANGE TO INCORPORATION DOCUMENTS

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

TOTAL VALUE OF THE FUND AS AT 31ST DECEMBER 2021

The market value of the fund as at 31st December 2021 was Kshs 344,249,744.60 (2020:281,087,878)

MEMBERSHIP

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

	2021	2020
	Members	Members
At start of year	537	497
Entrants	133	44
Exits	(22)	(4)
At end of year	<u>648</u>	<u>537</u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES
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 Guaranteed 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.

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

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.

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.

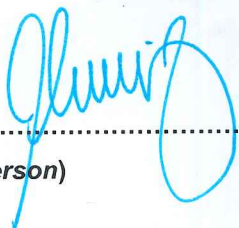
9. Members' sensitization

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 29/03/22

**ZIMELE GUARANTEED 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 in accordance with the provisions of the Retirement Benefits Act and the regulations made thereunder.

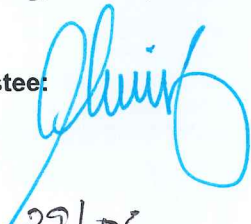
EXPENSES

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

AUDITOR

Muli Daniels & Associates, Certified Public Accountants, who were appointed during the last Annual General Meeting, have expressed their willingness to continue in office.

For the Trustee:



Date: 29/05 2022

**ZIMELE GUARANTEED 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 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 (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 maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

DECLARATIONS STATEMENT

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

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

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

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

For the Trustee:



29/03/22



**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT
FUND MANAGERS COMMENTARY- LESSONS FROM THE PANDEMIC
FOR THE YEAR ENDED 31 DECEMBER 2021**

There is reason for optimism based on the recent trends involving sharp declines in new infections, hospitalizations and even deaths suggesting that it is only a matter of time before covid-19 is downgraded from pandemic status. Once again, the dual winners are science through timely development of critical vaccines, and humanity's spirit of resilience and cooperation in difficult times.

Though the scars inflicted by the pandemic will take time to heal, the experience will no doubt leave most of us stronger and wiser. One of the harshest lessons from the covid-19 pandemic is that our lives can be disrupted without notice from events that no one could predict, even leading to loss of income and livelihood.

pension benefits are long-term and ideally reserved until one attains retirement age, loss of income and livelihood is one of the conditions allowed to access one's benefits, although it is recommended that one should exercise this option after exhausting all other savings and reserves. However, this option works best if one has been making regular contributions to their pension account. Currently, tax benefits apply to contributions of up to ksh.20,000 per month or ksh.240,000 per year; one can still contribute amounts above this but they would not be eligible for tax benefits.

Nonetheless, 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

On investment performance, the fund posted a return of 12.48% in 2021 compared to a return of 11.43% in 2020, which was above the performance of key investment benchmarks during the period. Net return on investments increased by 42% to ksh.35 million last year compared to a decline of 6% in 2020. Additionally, the net assets of the fund grew by 23% to ksh.344 million last year compared to an increase of 16% in 2020.

Although we are in a general election year once again, political uncertainty is not likely to negatively affect interest-earning fixed income securities. Anxiety during the campaigns period usually leads to selling of risky assets, like shares, in search of safe havens which include fixed income securities. It is important to note that the Zimele Guaranteed Personal Pension Plan is not invested in shares and its holdings only comprise of cash and interest-

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

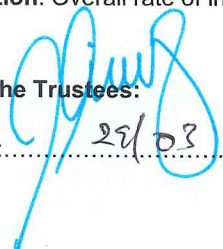
	ZGPPP	TB-364	Inflation
2017	14.3%	9.6%	8.0%
2018	13.6%	9.5%	4.7%
2019	15.2%	7.8%	5.2%
2020	11.4%	7.5%	5.3%
2021	12.5%	9.2%	6.1%

Notes:

ZMMF: Zimele Guaranteed Pension Plan
TB-364: 364 days Treasury Bill Rate

Inflation: Overall rate of inflation

For the Trustees:

Date:  28/03 2022

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

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

We confirm that the investments that we placed in respect of the assets of Zimele Guaranteed 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 Guaranteed Personal Pension Plan are held by the Custodian.

We confirm that the financial assets held by KCB Bank Kenya Limited for Zimele Guaranteed Personal Pension Plan are as detailed in the Audited Accounts for the year ended 31st December 2021.

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

Opinion

We have audited the accompanying financial statements of Zimele Guaranteed 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 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.

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, 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.

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:

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 Muli-P/No.2109



**Certified Public Accountants
Nairobi ,Kenya**

30 March 2022

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

Statement of Changes in Net Assets available for Benefits

	Notes	2021 Kshs	2020 Kshs
Income from dealings with members			
Contributions received	5	83,200,783	79,627,210
Outgoings from dealings with members			
Benefits payable	6	(38,303,042)	(59,711,255)
Net additions from dealings with members		<u>44,897,742</u>	<u>19,915,955</u>
Return on Investments			
Investment income	7	34,682,125	24,648,361
Change in market value of investments		-	2,921,276
Net return on Investments		<u>34,682,125</u>	<u>27,569,637</u>
Administrative expenses	8	(1,123,595)	(934,590)
Investment Management expenses	9	(7,097,989)	(5,821,204)
Prior year adjustments	9b	765,758	34,800
Impairment of Chase Bank deposits		(796,036)	(796,036)
Increase in net assets for the year		<u>71,328,005</u>	<u>39,968,563</u>
Net assets available for benefits at start of the year		281,087,878	241,119,315
Net Assets available for Benefits at end of year		<u><u>352,415,882</u></u>	<u><u>281,087,878</u></u>

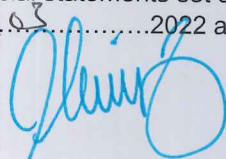
**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020**

Statement of Net assets available for benefits as at 31 December 2021

	Notes	2021 Kshs	2020 Kshs
Assets			
Government Securities	11	209,105,301	144,005,045
Cash and Fixed Deposits	12	25,329,572	6,187,928
Investment in Unit Trust	13	109,890,738	125,695,831
		<u>344,325,610</u>	<u>275,888,804</u>
Current Assets			
Custodian and Collection accounts	14	1,461,758	4,545,073
Interest Receivables	15	6,655,284	864,951
		<u>8,117,042</u>	<u>5,410,024</u>
Liabilities			
Payables and Provisions	16	854,290	483,628
TOTAL NET ASSETS		<u>351,588,363</u>	<u>280,815,200</u>
FINANCED BY:			
Members' Account and Reserve Fund		<u>351,588,363</u>	<u>280,780,400</u>

The financial statements set out on pages 10 to 18 were approved by the Trustee on
29/03/2022 and signed on their behalf by:

Trustee



Date 29/03/2022



Trustee



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

Statement of Changes in Equity

	Net Unit Holders Funds	Net Surplus	Changes in Fair Value of Investment	Total
	Kshs	Kshs	Kshs	Kshs
For the year 2020				
As at 1st January 2020	176,110,649	52,838,292	12,170,374	241,119,315
Net contributions	19,915,955	16,823,854		36,739,809
Change in Fair Value of investments			2,921,276	2,921,276
As at 31st December 2020	196,026,604	69,662,146	15,091,650	280,780,400
For the year 2021				
As at 1st January 2021	196,026,604	69,662,146	15,091,650	280,780,400
Opening balance equity	765,758	-	-	765,758
Net contributions	44,897,742	25,664,505	-	70,562,247
Change in Fair Value of investments			-	-

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

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

Statement of Cash Flows

	2021	2020
	Kshs	Kshs
Cashflow from Operating Activities		
Contributions received	83,200,783	79,627,210
Benefits paid	(38,303,042)	(59,711,255)
Expenses paid	(8,221,584)	(7,063,271)
Impairment of chase bank deposits	(796,036)	(796,036)
Prior year adjustments	765,758	34,800
Cash flow from operations	36,645,880	12,091,448
Working Capital		
(Increase)/ Decrease in receivables	(5,790,334)	3,072,655
Increase/ (Decrease) in payables	370,662	(104,699)
Changes in working capital	(5,419,672)	2,967,956
Net cashflow from Operating Activities	31,226,208	15,059,404
Cashflow from Financing Activities		
Investment income received	34,682,125	24,648,361
Change in market value of investment	-	2,921,276
Cash flow from financing activities	34,682,125	27,569,637
Cash flow from Investing Activities		
Government Bills / Bonds	(65,100,255)	(13,597,736)
Cash and Fixed Deposits	(19,141,644)	976,396
Investment in unit trust	15,805,093	(28,044,942)
	(68,436,807)	(40,666,281)
Net cash flow from Investing Activities	(33,754,682)	(13,096,644)
Net cash Inflow / Outflow	(2,528,474)	1,962,761
Cash and cash equivalents at start of year	4,545,075	2,582,313
Cash and Cash equivalents at end of year	2,016,601	4,545,074

ZIMELE GUARANTEED 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 (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 (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:

(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.

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

(e) Benefit transfers

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

3. 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 GUARANTEED 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.

5. Contribution Income

	2021	2020
	Kshs	Kshs
Members - voluntary contributions	83,200,783	79,627,210
	<u>83,200,783</u>	<u>79,627,210</u>

6. Benefits payable

	2021	2020
	Kshs	Kshs
Pensions paid	<u>38,303,042</u>	<u>59,711,255</u>

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

Notes continued

7. Investment Income	2021	2020
	Kshs	Kshs
Income from Treasury Bills and Bonds	21,633,068	13,725,935
Interest on Call Deposits	166,322	377,484
Interest in Unit Trust investment	11,194,907	10,544,942
Interest on Fixed Deposits	1,687,828	-
	<u>34,682,125</u>	<u>24,648,361</u>
8. Administrative Expenses	2021	2020
	Kshs	Kshs
RBA levy	559,899	483,897
Bank charges	52,030	160,020
Secretarial fees	-	88,833
Audit fees	96,466	34,800
Corporate Trustee fees	252,000	-
Administration and processing	163,200	167,040
	<u>1,123,595</u>	<u>934,590</u>
9. Investment Management Expenses	2021	2020
	Kshs	Kshs
Fund Manager fees	6,182,168	5,217,300
Custodian fees	857,821	603,904
Investment Policy statement fees	58,000	-
	<u>7,097,989</u>	<u>5,821,204</u>
9b	This relates to a prior year adjustment of interest receivable from treasury bonds which had not been accrued in the previous year.	
10. Impairment of Chase Bank	2021	2020
	Kshs	Kshs
Impairment of Chase Bank	<u>796,036</u>	<u>796,036</u>
11. Government Securities	2021	2020
	Kshs	Kshs
Cumulative Treasury Bonds	209,105,300	142,953,995
Cumulative Treasury Bills	-	1,051,050
	<u>209,105,301</u>	<u>144,005,045</u>

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FINANCIAL STATEMENTS
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Notes (continued)

12. Cash and Fixed Deposits	2021	2020
	Kshs	Kshs
SBM Bank (K) Limited	-	1,003,784
Chase Bank in Recievership	1,592,072	3,184,144
Other Cumulatives- Call account	23,737,500	2,000,000
	<u>25,329,572</u>	<u>6,187,928</u>
13. Investment in Unit Trust	2021	2020
	Kshs	Kshs
Investment in Zimele Money Market Fund	<u>109,890,738</u>	<u>125,695,831</u>
14. Custodians and Collection account balances	2021	2020
	Kshs	Kshs
KCB Collection	1,003,596	3,984,178
National Bank Collection Account	458,162	560,896
	<u>1,461,758</u>	<u>4,545,073</u>
15. Interest Receivables	2021	2020
	Kshs	Kshs
Interest receivable on Government Bonds	6,412,604	143,971
Interest receivable on Term Deposits	242,680	720,979
	<u>6,655,284</u>	<u>864,951</u>
16. Payables and Provisions	2021	2020
	Kshs	Kshs
Management fees	602,290	468,612
Corporate Trustee Fees	252,000	-
Provisions	-	15,016
	<u>854,290</u>	<u>483,628</u>