

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
REPORT TO THE SCHEME MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITOR

MD LIGHT & ASSOCIATES
(Formerly Muli Daniels & Associates)
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 2022**

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**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS
TRUSTEE AND ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

TRUSTEE

Kingsland Court Trustee Services Ltd
Flamingo Towers, 1st Floor
P.O.Box 10258, 00100 Nairobi
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

AUDITOR

MD Light & Associates
(Formerly Muli Daniels & Associates)
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 2022**

INCORPORATION AND REGISTERED OFFICE

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

INVESTMENT OBJECTIVES

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

CHANGE TO INCORPORATION DOCUMENTS

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

TOTAL VALUE OF THE FUND AS AT 31ST DECEMBER 2022

The market value of the fund as at 31st December 2022 was Kshs **383,641,330**

MEMBERSHIP

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

	2022	2021
	Members	Members
At start of year	648	537
Entrants	1815	133
Exits	(14)	(22)
At end of year	<u><u>2,449</u></u>	<u><u>648</u></u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

INVESTMENT OF FUNDS

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

EXPENSES

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

AUDITOR

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

For the Trustee:



.....
Kingsland Court Trustee Services Ltd

Date:..... **29 March** **2023**

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT
STATEMENT OF TRUSTEE'S RESPONSIBILITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

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:


.....



Kingsland Court Trustee Services Ltd

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 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 2022**. The meetings were held on the dates set out below:

- (a) 21 February 2022- Trustee Meeting
- (b) 2 June 2022- Trustee Meeting
- (c) 6 September 2022 – Trustee Meeting
- (d) 13 December 2022- 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.

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 discussed with the Sponsor regulatory matters and scheme activities during their quarterly meetings.

8. Annual general meeting


The Scheme Annual General Meeting for FY2021 was held on **15 June 2022**, 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..........Date.....29 March 2023.....
(Chairperson)

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
ANNUAL REPORT
FUND MANAGERS COMMENTARY
FOR THE YEAR ENDED 31 DECEMBER 2022**

Dear Esteemed Customer,

A triple play of factors last year delivered some of the highest rates of inflation and interest rates experienced in recent times both locally and globally. On the international front, the end of covid restrictions and reopening of economies resulted in a surge in demand which gradually pushed prices of commodities upwards. Unfortunately, in February last year, Russia's incursion into Ukraine disrupted the flow of international trade and choked the world's supply chains pushing prices of goods, especially petroleum products, even higher.

Locally, a biting drought arising from five consecutive failed rain seasons, continued to dampen agricultural production and caused food prices to soar. The result of the negative domestic and external shocks was a perfect storm that saw inflation surge from 5.39% in January to peak at 9.59% in October before tapering off to 9% in December. The rate of inflation averaged 7.6% last year compared to 6.1% in 2021. The immediate and unfortunate impact was a sharp and painful increase in the cost of living which hit households hard, and the effects are still playing out.

The experience from the pandemic period and the tough economic conditions persisting today emphasizes the need to start saving early for retirement. With the recent events, majority are wiser and understand well the need to protect themselves in case of unexpected income disruption. Zimele Pension Plan offer a platform for members to contribute starting from shs100 to their accounts, and unparalleled flexibility and convenience, for those in self-employment whose income may not be regular.

Further, contributions to registered pension schemes enjoys tax benefits where monthly contributions of up to shs20,000 or shs240,000 per year are tax exempt. This does not in any way mean that members should limit their contributions to these amounts, in fact, the biggest advantage of pension contributions is its compounding effect. The recommended approach is to always start early and be consistent in contributions. This allows your total benefits to grow and guarantee you an income after retirement thereby offering security against the vagaries of old age, top of which is challenges related to diminishing health and energy.

On investment performance, the Zimele Guaranteed Personal Pension Plan has consistently recorded double digit returns over the past five years, thereby enhancing the income of its members. The fund is mostly invested in government bonds and is therefore able to minimize risk, secure the members' capital over time and generate a steady stream of income from interest earned.

Fixed income securities, such as Treasury bonds, have an in-built mechanism that automatically protects members' benefits against the negative effects of rising inflation as experienced last year. This means that the purchasing power of your pension savings is automatically protected in an environment of rising prices. Without this advantage, inflation would erode the purchasing power of your contributions making it difficult to attain your post retirement goals in the desired timeframe.

Through our Zimele Income Drawdown Plan, retired members can opt to structure their pension benefits into a monthly income, offering consistency and security over the contract period of ten years, thereby avoiding the need for lump sum withdrawals which is often associated with retirees losing all their benefits in risky ventures.

The coming into law of the NSSF Act 2013 unveils great opportunities, especially for employees. The Act will unlock more contributions into pension savings, thereby guaranteeing higher retirement income. More importantly, the Act allows your employer to remit your tier II contributions to a registered private pension scheme, which is called opting out. This means that in addition to the mandatory tier I contribution that your employer will remit to the NSSF, your tier II contributions can be directed to the Zimele Guaranteed Personal Pension Plan where it stands to earn competitive returns that will eventually translate to higher income at the time of retirement.

Please don't hesitate to contact us for further information on the NSSF Act 2013, the Zimele Income Drawdown Plan, or any general enquiries regarding your pension benefits.

Finally, we would like to walk your financial journey with you by empowering you with products that are tuned to your various life goals. Please visit <https://www.zimele.co.ke/products/> and we will be happy to assist you actualize your goals. We thank you for your support and shall continue to strive to deliver better investment performance and customer experience for you.

5 Year Comparative Investment Performance

	ZGPPP	TB-364	Inflation
2022	11.3%	9.95%	7.64%
2021	12.15%	8.55%	6.11%
2020	11.19%	8.60%	5.29%
2019	11.24%	9.48%	5.20%
2018	13.55%	10.43%	4.69%

Notes:

ZGPP: Zimele Guaranteed Pension Plan

TB-364: 364 days Treasury Bill Rate

Inflation: Overall rate of inflation



Report of the Independent auditor to the members of Zimele Guaranteed Personal Pension Plan for the year ended 31 December 2022

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 2022, 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.

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:

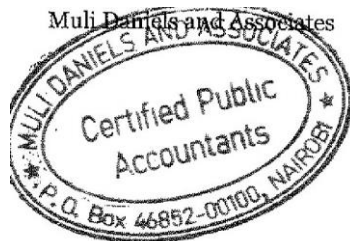
i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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 Muli-P/No.2109***

MD LIGHT & ASSOCIATES
Certified Public Accountants
Nairobi ,Kenya



29-Mar-23

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of Changes in Net Assets available for Benefits

	Notes	2022 Kshs	2021 Kshs
Income from dealings with members			
Contributions received	5	72,965,459	83,200,783
Outgoings from dealings with members			
Benefits Paid	6	(54,592,152)	(38,303,042)
Net additions from dealings with members		<u>18,373,307</u>	<u>44,897,742</u>
Return on Investments			
Investment income	7	39,786,220	34,682,125
Change in market value of investments		-	-
Net return on Investments		<u>39,786,220</u>	<u>34,682,125</u>
Administrative expenses	8	(2,630,917)	(1,123,595)
Investment Management expenses	9	(7,632,986)	(7,714,497)
Prior year adjustments		(1,127,782)	765,758
Impairments- other cumulative call accounts		(3,737,500)	-
Impairment of Chase Bank deposits		(796,036)	(796,036)
		<u>(15,925,221)</u>	<u>(8,868,370)</u>
Unrealised gains/ Losses			
Revaluation Gain/ Loss		(10,084,874)	-
Increase in net assets for the year		<u>32,149,432</u>	<u>70,711,497</u>
Net assets available for benefits at start of the year		351,491,897	280,780,400
Net Assets available for Benefits at end of year		<u>383,641,330</u>	<u>351,491,897</u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022**

Statement of Net assets available for benefits as at 31 December 2022

	Notes	2022 Kshs	2021 Kshs
Assets			
Treasury Bonds	11	266,257,532	209,105,300
Corporate Bonds	11	900,000	-
Cash and Fixed Deposits	12	36,296,036	25,329,572
Investment in Unit Trust	13	80,148,437	109,890,738
		383,602,005	344,325,610
Current Assets			
Custodian and Collection accounts	14	560,320	1,461,758
Interest Receivables	15	880,009	6,655,284
		1,440,329	8,117,042
Liabilities			
Payables and Provisions	16	1,401,004	950,755
TOTAL NET ASSETS		383,641,330	351,491,897
FINANCED BY:			
Members' Account and Reserve Fund		383,641,330	351,491,897

The financial statements set out on pages 10 to 18 were approved by the Trustee on
.....29 March.....2023 and signed on their behalf by:

Trustee




**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of Changes in Equity

	Net member Funds	Net Surplus	Changes in Fair Value of Investment	Total
	Kshs	Kshs	Kshs	Kshs
For the year 2021				
As at 1st January 2020	196,026,604	69,662,146	15,091,650	280,780,400
Opening balance equity	765,758	-	-	765,758
Net contributions	44,897,742	25,047,997	-	69,945,739
As at 31st December 2020	241,690,104	94,710,143	15,091,650	351,491,897
For the year 2022				
As at 1st January 2022	241,690,104	94,710,143	15,091,650	351,491,897
Opening balance equity	(1,127,782)	-	-	(1,127,782)
Impairments on calls	-	(3,737,500)	-	(3,737,500)
Net contributions	18,373,307	18,641,407	-	37,014,714
As at 31st December 2022	258,935,629	109,614,050	15,091,650	383,641,330

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

Prior year adjustments are as a result of opening balance differences

Impairments- other cumulative calls are as a result of its carrying amounts exceeds its recoverable amount in the books.

ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Cash Flows

	2022	2021
	Kshs	Kshs
Cashflow from Operating Activities		
Contributions received	72,965,459	83,200,783
Benefits paid	(54,592,152)	(38,303,042)
Expenses paid	(10,263,903)	(8,838,092)
Impairment of chase bank deposits	(796,036)	(796,036)
Impairments- cummulative calls	(3,737,500)	-
Prior year adjustments	<u>(1,127,782)</u>	<u>765,758</u>
Cash flow from operations	<u>2,448,086</u>	<u>36,029,372</u>
Working Capital		
(Increase)/ Decrease in receivables	5,775,276	(5,790,334)
Increase/ (Decrease) in payables	450,249	432,328
Changes in working capital	<u>6,225,524</u>	<u>(5,358,006)</u>
Net cashflow from Operating Activities	<u>8,673,611</u>	<u>30,671,366</u>
Cashflow from Financing Activities		
Investment income received	39,786,220	34,682,125
Unrealised gains/ Losses in bonds	<u>(10,084,874)</u>	<u>-</u>
Cash flow from financing activities	<u>29,701,346</u>	<u>34,682,125</u>
Cash flow from Investing Activities		
Treasury / Corporate Bonds	(58,052,232)	(65,100,255)
Cash and Fixed Deposits	(10,966,464)	(19,141,644)
Investment in unit trust	<u>29,742,301</u>	<u>15,805,093</u>
	<u>(39,276,395)</u>	<u>(68,436,806)</u>
Net cash flow from Investing Activities	<u>(9,575,049)</u>	<u>(33,754,681)</u>
Net cash Inflow / Outflow	(901,439)	(3,083,315)
Cash and cash equivalents at start of year	1,461,759	4,545,075
Cash and Cash equivalents at end of year	<u><u>560,320</u></u>	<u><u>1,461,759</u></u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

(d) Benefits payable

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

(e) Benefit transfers

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

3. 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 2022**

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	2022	2021
	Kshs	Kshs
Members - Contributions	72,965,459	83,200,783
	<u><u>72,965,459</u></u>	<u><u>83,200,783</u></u>
6. Withdrawal benefits	2022	2021
	Kshs	Kshs
Pensions paid	<u><u>54,592,152</u></u>	<u><u>38,303,042</u></u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Notes continued		
7. Investment Income	2022	2021
	Kshs	Kshs
Income from Treasury Bonds	28,977,778	21,633,068
Interest on Calls	1,854,364	166,322
Interest on corporate bonds	75,818	-
Interest in Unit Trust investment	8,257,699	11,194,907
Realised gain/ loss on sale of T. Bonds	612,123	-
Interest on Fixed Deposits	-	1,687,828
Other income	8,438	-
	<u>39,786,220</u>	<u>34,682,125</u>
8. Administrative Expenses	2022	2021
	Kshs	Kshs
RBA levy	1,470,460	559,899
Bank charges	51,398	52,030
Audit fees	119,185	96,466
Trustee fees	826,674	252,000
Investment policy statement fees	-	58,000
Administration and processing	163,200	163,200
	<u>2,630,917</u>	<u>1,181,595</u>
9. Investment Management Expenses	2022	2021
	Kshs	Kshs
Fund manager fees	6,551,298	6,182,168
Custody fees	1,081,688	857,821
	<u>7,632,986</u>	<u>7,039,989</u>
10. Impairment of Chase Bank	2022	2021
	Kshs	Kshs
Impairment of Chase Bank (Note 17)	<u>796,036</u>	<u>796,036</u>
11. Treasury / Corporate Bonds	2022	2021
	Kshs	Kshs
Treasury Bonds	<u>266,257,532</u>	<u>209,105,300</u>
Corporate Bonds	<u>900,000</u>	<u>-</u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
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Notes (continued)

12. Cash and Fixed Deposits	2022	2021
	Kshs	Kshs
SBM Bank (K) Limited	-	-
Chase Bank in Recievership	796,036	1,592,072
Call deposit investments	35,500,000	23,737,500
	<u>36,296,036</u>	<u>25,329,572</u>
13. Investment in Unit Trust	2022	2021
	Kshs	Kshs
Investment in Zimele Money Market Fund	<u>80,148,437</u>	<u>109,890,738</u>
14. Custodians and Collection account balances	2022	2021
	Kshs	Kshs
KCB Custody	560,320	1,003,596
National Bank	-	458,162
	<u>560,320</u>	<u>1,461,758</u>
15. Interest Receivables	2022	2021
	Kshs	Kshs
Interest receivable on Corporate Bonds	37,088	6,412,604
Interest receivable on Term Deposits	842,921	242,680
	<u>880,009</u>	<u>6,655,284</u>
16. Payables and Provisions	2022	2021
	Kshs	Kshs
Management fees payable	-	602,290
Custody Fees payable	87,657	-
RBA levy fees payable	767,283	-
Trustees fees Payable	471,896	252,000
Audit fees Payable	74,168	96,465
	<u>1,401,004</u>	<u>950,755</u>

**ZIMELE GUARANTEED PERSONAL PENSION PLAN
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Notes (continued)

17 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 1/1/2022	Impairment @ 20%	Carrying value 12/31/2022
Chase bank balance	<u>1,592,072</u>	<u>(796,036)</u>	<u>796,036</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;

	2022 Kshs
Chase bank	796,036
SBM Bank	-
Interest receivable on calls;	
Interest receivable in the year	<u>-</u>
	<u>796,036</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	21,864,794.65				796,036
Lifetime ECL		-	-	-	1,592.07
Lifetime ECL (2022)					4,776.22
Change					3,184.14