

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

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

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**TRUSTEE**

Kingsland Court Trustee Services Ltd  
Flamingo Towers, 1<sup>st</sup> Floor  
Corner Mara Road/Hill Lane, Upper Hill  
P.O. Box 10283-00100  
Nairobi, Kenya

**ADMINISTRATOR**

Pacific Insurance Brokers (EA) Ltd  
The Insurance Centre, Rose Avenue  
Off Dennis Prit Road  
P.o Box 50565-00200  
Nairobi, Kenya

**FUND MANAGER**

Zimele Asset Management Company Limited  
Ecobank Towers, 7th Floor  
Muindi Mbingu Street  
P.o Box 76528-00508  
Nairobi, Kenya

**CUSTODIAN**

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

**AUDITORS**

MD Light & Associates  
**(Formerly Muli Daniels & Associates)**  
Certified Public Accountants  
P.O.Box 46852-00100  
Nairobi, Kenya

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**INCORPORATION AND REGISTERED OFFICE**

The Scheme began its operations in April 2007 and is registered under the Retirement Benefits Act, 1997 and the Income Tax Act, CAP 470. The registered office is at Ecobank Towers, 7th Floor on Muindi Mbingu Street, Nairobi

**INVESTMENT OBJECTIVES**

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

**CHANGE TO INCORPORATION DOCUMENTS**

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

**TOTAL VALUE OF THE FUND AS AT 31ST DECEMBER 2022**

The market value of the fund as at 31st December 2022 was Kshs **141,567,841**

**MEMBERSHIP**

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

	<b>2022</b>	<b>2021</b>
	<b>Members</b>	<b>Members</b>
At start of year	687	598
Entrants	583	91
Exits	(14)	(2)
At end of year	<u><u>1256</u></u>	<u><u>687</u></u>

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

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**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**

MD Light & Associates ( **Formerly 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 Trustee:  
Kingsland Court Trustee Services Ltd**

.....  




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

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

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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

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

**DECLARATIONS STATEMENT**

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

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

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

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

**For the Trustee:  
Kingsland Court Trustee Services Ltd**

Date.....29 March.....2023

## 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 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.

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.

## 6. Responsible corporate citizenship

Signed .....  ..... Date..... 29 March 2023 .....



**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT  
FUND MANAGER'S COMMENTARY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Dear Esteemed Customer,

The confluence of local and global shocks last year resulted in a further decline in the value of shares of companies listed at the Nairobi Securities Exchange (NSE). Supply constraints following the easing of covid-19 restrictions caused commodity prices to rise, which was expected after two years of depressed economic activity. Unfortunately, Russia's incursion into Ukraine halted a much-awaited economic recovery and instead put more pressure on global supply chains causing prices of goods, especially

On the domestic front, a biting drought arising from five consecutive failed rain seasons continued to dampen agricultural production and caused food prices to soar, which together with the substantial increase in the price of fuel, resulted in an unfortunate and painful rise in the cost of living.

The prevailing theme across the world last year was steadily rising prices of goods and services, otherwise known as inflation. In response, central banks around the world concertedly raised interest rates sharply in an effort to make money expensive in an attempt to slow down the rate of price acceleration. Locally, inflation averaged 7.6% last year compared to 6.1% in 2021 as the central bank rate (CBR) moved from 7% in January to 8.75% at year-end in an effort to rein in inflation. At the global level, the US central bank raised its policy rate from 0% in January to 4.5% in December leading to an unprecedented strengthening of the US dollar as capital flowed from developing and emerging markets like Kenya back to the USA. As a result, the shilling weakened by 9% against the dollar to ksh.123.37 last year compared to a decline of 3.6% in 2021 to ksh.113.14.

The effects of a weak shilling are translated into the economy through the trade channel and the financial channel. On the trade channel, a weak shilling is a boon to exports and last year actually pushed export earnings up by 18% to ksh.873 billion. However, the fact that Kenya is heavily dependent on imports, especially of petroleum products, dampened the effect of increased exports earnings; total value of imports increased by 16% to ksh.2.5 trillion. Last year, the oil import bill shot up by 72% to ksh.656 billion essentially handing oil exporting countries a ksh.274 billion windfall over the previous period and causing untold misery to Kenyan consumers. On the financial channel, the falling shilling pushed up the country's external debt servicing since 69% of our external debt is denominated in US dollars. By December last year debt service was ksh.503 billion which ended up consuming 53% of total taxes collected; last year public debt grew by 11% to ksh.9.1 trillion compared to 13% in 2021.

Additionally, supply constraints and the weak shilling are expected to hit hard profits of most listed companies since most companies rely on imported items, whether they are in manufacturing or services. Taking a cue from these developments, most foreign investors chose to fly their capital back to the safety of the US dollar in an effort to cut losses on the falling shilling and impending decline in profitability of most listed companies. Subsequently, net inflows from foreign investors last year were negative to the tune of ksh.24 billion implying most foreign investors were pulling their money out of the NSE.

By extension, the value of all listed companies at the NSE declined by ksh.615 billion or 24% to ksh.1.98 trillion last year as the market continued to take a beating from external and internal forces outlined earlier. Market indices mirrored the trend in share prices, the NSE all share index declined by 24% while the NSE 20 share index shed 12% of its value. By comparison, the Zimele Personal Pension Plan declined by 3% largely because a greater portion of its assets were invested in fixed income securities, which helped to cushion against the falling share prices.

But what does all this mean for investors? First, share prices are cyclical meaning that over time share prices will usually swing up and down due to various factors. When the market swings downwards shares of viable companies are on offer at discounted prices, which makes it the best time to buy, and the converse also applies. However, timing the market is not easy, and when share prices are falling the psychological factor makes it difficult for most investors to remain level-headed to make the right decision. Fortunately, this is where the Personal Pension Plan comes in for members that have a longer horizon before retirement. In the long run, the pension plan averages out allowing members to enjoy higher returns in the periods when the market experiences the boom.

In the meantime, the slump in share prices is expected to continue until the factors driving high inflation start to abate, this is because high inflation causes investors to demand high interest rates as compensation, which makes shares unattractive. Although it is not clear when the high interest rates environment will start to subside, going by past trends, the era of lower interest rates will eventually return and share prices will bounce back.

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 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, 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

	ZPPP	NAS Index	Inflation
2022	-6.5%	-23.7%	7.6%
2021	7.9%	9.3%	6.1%
2020	-2.0%	-8.4%	5.3%
2019	10.1%	18.7%	5.2%
2018	11.7%	-18.0%	4.7%

**Notes:**

**ZPPP:** Zimele Personal pension Plan

**Inflation:** Overall rate of inflation

**NAS Index:** NSE All Share Index

**NAS Index:** NSE All Share Index



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

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**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 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.

**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.

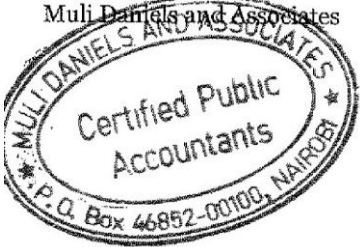
**Report on other legal requirements.**

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***

**MD LIGHT & ASSOCIATES**  
**Certified Public Accountants**  
**Nairobi ,Kenya**



**Date 29 March 2023**

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

**Statement of Changes in Net Assets**

	Notes	2022 Kshs	2021 Kshs
<b>Income from dealings with members</b>			
Contributions received	5	10,067,122	9,250,083
<b>Outgoings from dealings with members</b>			
Withdrawal benefits	6	(14,402,847)	(6,855,430)
<b>Net dealings with members</b>		<u><b>(4,335,725)</b></u>	<u><b>2,394,653</b></u>
<b>Return on Investments</b>			
Investment income	7	14,352,308	13,448,659
Change in market value of investments		-	895,529
<b>Net return on Investments</b>		<u><b>14,352,308</b></u>	<u><b>14,344,187</b></u>
Administrative expenses	8	(1,127,983)	(686,839)
Investment management expenses	9	(4,168,336)	(4,359,114)
Impairment of Chase bank deposits	10	(1,149,634)	(1,149,638)
Impairment loss on interest on calls		(1,311,100)	-
		<u><b>(7,757,053)</b></u>	<u><b>(6,195,591)</b></u>
<b>Unrealised gains/ Losses</b>			
Revaluation Gain/ Loss on Equities		(3,219,470)	-
Revaluation Gain/ Loss on Treasury Bonds		(3,197,450)	-
		<u><b>(6,416,920)</b></u>	<u><b>-</b></u>
<b>Increase in net assets for the year</b>		<u><b>(4,157,390)</b></u>	<u><b>10,543,249</b></u>
Net Assets available for Benefits at start of the year		145,722,895	135,179,646
<b>Net Assets available for Benefits at end of year</b>		<u><u><b>141,565,505</b></u></u>	<u><u><b>145,722,895</b></u></u>

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

**Statement of Net Assets available for Benefits**

	Notes	2022 Kshs	2021 Kshs
<b>Fixed Assets</b>			
Treasury Bonds	11	69,209,303	69,280,725
Quoted Equities	12	27,740,551	26,919,054
Cash and Fixed deposits	13	14,349,422	5,299,275
Investment in Unit Trust	14	29,305,981	39,796,123
		<b>140,605,257</b>	<b>141,295,178</b>
<b>Current Assets</b>			
Custodian and Collection accounts	15	833,947	1,029,815
Receivables	16	563,493	3,414,281
		<b>1,397,440</b>	<b>4,444,097</b>
<b>Liabilities</b>			
Payables and Provisions	17	437,192	16,380
<b>TOTAL NET ASSETS</b>		<b>141,565,505</b>	<b>145,722,895</b>
<b>FINANCED BY:</b>			
<b>Members' Account and Reserve Fund</b>		<b>141,565,505</b>	<b>145,722,895</b>

The financial statements set out on pages 11 to 18 were approved by the Trustee on  
.....[29 March](#).....2023 and signed on their behalf by:

.....  
**Trustee**



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

**Statement of Changes in Equity**

	<b>Net member Funds Kshs</b>	<b>Net Surplus Khs</b>	<b>Changes in Fair Value of Investments Kshs</b>	<b>Total Khs</b>
<b>For the year 2021</b>				
As at 1st January 2021	72,219,718	58,538,591	5,290,020	136,048,329
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	<b>74,614,371</b>	<b>65,791,658</b>	<b>6,185,549</b>	<b>146,591,578</b>
<b>For the year 2022</b>				
As at 1st January 2022	74,614,371	65,791,658	6,185,549	146,591,578
Net contributions	(4,335,725)	-	-	(4,335,725)
Surplus for the period	-	6,595,255	-	6,595,255
Prior year adjustments	-	-	868,683	868,683
Impairment loss on interest on calls	-	(1,311,099)	-	(1,311,099)
Change in Fair Value of investments	-	-	(6,416,920)	(6,416,920)
As at 31 December 2022	<b>70,278,646</b>	<b>71,075,814</b>	<b>637,311</b>	<b>141,991,772</b>

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

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

**Statement of Cash Flows**

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflows from Operating Activities</b>		
Contributions received	10,067,122	9,250,083
Benefits paid	(14,402,847)	(6,855,430)
Expenses paid	(5,296,319)	(5,045,954)
Impairment of chase bank deposits	(1,149,634)	(1,149,638)
<b>Net cash flow from operations</b>	<b><u>(12,092,778)</u></b>	<b><u>(3,800,938)</u></b>
<b>Working Capital</b>		
(Increase) / Decrease in Interest receivables	2,850,788	(617,330)
Increase / ( Decrease) in Payables and provisions	420,812	(272,037)
	<u>3,271,600</u>	<u>(889,367)</u>
<b>Net Cash flows from operating activities</b>	<b><u>(8,821,178)</u></b>	<b><u>(4,690,305)</u></b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	14,352,308	13,448,659
Change in market value of investment	-	895,529
Unrealised gains/ Losses in quoted equities and bonds	(6,416,920)	-
<b>Movement in Investments:</b>		
Treasury Bonds	71,422	(1,499,526)
Quoted Equities	(821,497)	(4,037,502)
Cash and Fixed deposits	(9,050,147)	915,666
Investment in Unit Trust	10,490,142	(5,978,603)
<b>Net cash flows from investment activities</b>	<b><u>8,625,309</u></b>	<b><u>3,744,223</u></b>
<b>Net cash flows from investing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net Cash Inflows/ (outflows)</b>	<b><u>(195,869)</u></b>	<b><u>(946,082)</u></b>
Cash and Cash equivalents at start of year	1,029,816	1,975,898
<b>Cash and Cash equivalents at end of year</b>	<b><u>833,947</u></b>	<b><u>1,029,816</u></b>



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

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**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) IFRS 9**

IFRS 9 Financial Instruments (issued in July 2014) – This standard was effective for annual periods beginning on or after 1 January 2018 and has been adopted and applied prospectively.

**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.

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**Notes (continued)**

**4. Financial risk management disclosures**

The scheme's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the scheme does not hedge any risks.

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

**Market risk**

**(i) Foreign exchange risk**

The scheme has no investments in offshore markets or in foreign currency and is therefore not exposed to foreign exchange risk arising from various currency exposures.

**(ii) Cashflow and fair value interest rate risk**

The scheme does not hold any interest bearing financial liability or overdraft at a variable rate which would expose the scheme to cash flow interest rate risk.

**(iii) Credit risk**

Credit risk refers to the risk that a counterparty will default on his obligations resulting in financial loss to the scheme and arises principally from the scheme's investments and contributions receivable. The fund does not have any significant concentrations of credit risk. The approved issuer assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the trustees.

**(iv) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The trustees agree with the approved issuer on the amount to be invested in assets that can be easily liquidated.

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>5. Contribution Income</b>		
Members - Contributions	10,067,122	9,250,083
	<u><u>10,067,122</u></u>	<u><u>9,250,083</u></u>
<b>6. Benefits payable</b>		
Withdrawal benefits	14,402,847	6,855,430
	<u><u>14,402,847</u></u>	<u><u>6,855,430</u></u>

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<b>Notes continued</b>		
<b>7. Investment income</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest on Treasury Bonds	8,719,430	8,624,624
Dividend income	1,728,052	843,534
Interest on Calls	746,452	58,852
Interest in Unit Trust investment	3,309,858	3,478,603
Gain/ loss on sale of shares	(151,484)	443,046
	<b><u>14,352,308</u></b>	<b><u>13,448,659</u></b>
<b>8. Administrative expenses</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
RBA Levy	574,577	270,359
Bank charges	11,925	22,970
Trustees fees	348,000	318,893
Audit fees	30,281	64,310
Administration and processing	163,200	163,200
Consultancy fees	-	108,000
IPS fees	-	58,000
	<b><u>1,127,983</u></b>	<b><u>1,005,732</u></b>
<b>9. Investment management expenses</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fund manager fees	3,655,544	3,568,947
Custodian fees	512,792	471,275
	<b><u>4,168,336</u></b>	<b><u>4,040,222</u></b>
<b>10. Impairment provisions</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Chase bank deposits	1,149,634	1,149,638
	<b><u>1,149,634</u></b>	<b><u>1,149,638</u></b>
<b>11. Government Securities</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Treasury Bonds	69,209,303	69,280,725
	<b><u>69,209,303</u></b>	<b><u>69,280,725</u></b>
<b>12. Quoted Equities</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Equity Investments	27,740,551	26,919,054
	<b><u>27,740,551</u></b>	<b><u>26,919,054</u></b>

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**Notes continued**

<b>13 Cash and Fixed deposits</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Chase bank	1,149,422	2,299,275
Cummulative Call	13,200,000	3,000,000
	<u>14,349,422</u>	<u>5,299,275</u>
<b>14 Investment in Unit Trust</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Investment in Money Market Fund	29,305,981	39,796,123
	<u>29,305,981</u>	<u>39,796,123</u>
<b>15 Custodians and Collection accounts balance</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
KCB Collection	-	1,853
National bank	-	49,832
KCB custody account	833,947	978,131
	<u>833,947</u>	<u>1,029,815</u>
<b>16 Receivables</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest receivables on Treasury Bonds	-	2,077,512
Interest receivables on calls	563,493	1,336,770
	<u>563,493</u>	<u>3,414,281</u>
<b>17 Payables and Provisions</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Audit fees current year	27,368	64,310
Audit fees 2020 reversed	-	(54,828)
Trustee fees	87,000	-
Custody fees	39,693	-
RBA annual levy	283,131	-
Provision for Expected Credit Loss	-	6,898
	<u>437,192</u>	<u>16,380</u>

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**18 IFRS 9 Disclosures**

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

<b>i) Impairment :</b>	<b>Carrying value 1/1/2022</b>	<b>Impairment @ 20%</b>	<b>Carrying value 12/31/2022</b>
Chase bank balance	<u>2,299,275</u>	<u>(1,149,638)</u>	<u>1,149,637</u>

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

**ii) Expected Credit Loss (ECL):**

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

	<b>2022 Kshs</b>
Chase bank	1,149,637
SBM Bank	-
<b>Interest receivable on calls;</b>	
Interest receivable in the year	<u>-</u>
	<u><b>1,149,637</b></u>

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

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