

**ZIMELE PERSONAL PENSION PLAN  
REPORT TO THE SCHEME MEMBERS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**DENNIS PAUL & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
FOUR GREEN WAY APARTMENT  
FOUR GREEN OFF WESTLANDS ROAD  
P.O BOX 75374-00200  
NAIROBI**

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

<b>Table of Contents</b>	<b>Page</b>
Trustees and advisors to the Scheme	1
Report of trustees	2-3
Statement of trustees' responsibilities	4
Fund Manager's Commentary	5-6
Report of the Custodian	7
Report of the independent auditors	8-9-10
Financial statements:	
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in Equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 18

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
TRUSTEES AND ADVISORS TO THE SCHEME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**TRUSTEES**

Natbank Trustees and Investment Services Limited  
National Bank Buildings, Harambee Avenue  
P.o Box 41862-00100  
Nairobi, Kenya

**ADMINISTRATOR**

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

**FUND MANAGER**

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

**CUSTODIAN**

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

**AUDITORS**

Dennis Paul & Associates  
Four Green way apartment, F1  
Four Green Street Off Westlands Road  
P.o Box 75374-00200  
NAIROBI

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**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 2018**

The market value of the fund as at 31st December 2018 was Kshs 115.5 million.

**MEMBERSHIP**

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

	<b>2018</b>	<b>2017</b>
	<b>Members</b>	<b>Members</b>
At start of year	471	453
Entrants	25	21
Exits	(4)	(3)
At end of year	<u><u>492</u></u>	<u><u>471</u></u>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
REPORT OF THE TRUSTEES (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**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**

Dennis Paul & Associates, Certified Public Accountants, who were appointed in 2016 have expressed their willingness to continue in office.

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

.....

**Date:..... 2019**

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
STATEMENT OF TRUSTEES' RESPONSIBILITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The Retirement Benefits (Occupational Retirement Benefits Scheme) Regulations, 2000 require the Trustees to prepare financial statements in a prescribed form for each financial year. They also require the Trustees to ensure that the Scheme keeps proper accounting records of its income, expenditure, liabilities and assets, and that contributions are remitted to the custodian in accordance with the rules of the scheme.

The Trustees accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000. The Trustees are of the opinion that the financial statements give a true and fair view of the financial transactions of the Scheme and of the disposition of its assets and liabilities, other than liabilities to pay pensions and benefits falling due after the end of the year. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are 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 equities and fixed income securities in accordance with the provisions of the Retirements Act and the Regulations made thereunder;

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

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

**Date.....2019**

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Statement of changes in net assets available for benefits**

	Notes	2018 Kshs	2017 Kshs
<b>Income from dealings with members</b>			
Contributions received	3	29,513,713	8,659,050
<b>Outgoings from dealings with members</b>			
Benefits payable	4	(12,967,627)	(16,131,751)
		-	-
<b>Net additions from dealings with members</b>		<b>16,546,086</b>	<b>(7,472,701)</b>
<b>Return on investments</b>			
Investment income	5	9,688,003	10,080,534
Change in market value of investments (%)		1,029,749	3,089,235
<b>Net return on investments</b>		<b>10,717,752</b>	<b>13,169,769</b>
Administrative expenses	6	(539,217)	(489,206)
Prior year adjustment		126,418	33,619
Investment Management expenses	7	(3,196,876)	(2,631,558)
		(3,609,675)	(3,087,145)
<b>Increase in net assets for the year</b>		<b>23,654,162</b>	<b>2,609,923</b>
Net assets available for benefits at start of the year		91,906,434	89,296,512
<b>Net assets available for benefits at end of year</b>		<b>115,560,596</b>	<b>91,906,434</b>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER 2018**

---

**Statement of net assets available for benefits**

	Notes	2018 Kshs	2017 Kshs
<b>Assets</b>			
Kenya Government Securities	8.	53,658,428	47,786,921
Corporate Bonds		-	1,506,653
Quoted Equities	9	5,790,162	7,748,372
Cash and Fixed deposits	10	14,589,806	21,277,020
Investment in Unit Trust		40,694,698	13,290,257
		<u>114,733,093</u>	<u>91,609,223</u>
<b>Current Assets</b>			
Custodian and collection accounts	11	1,165,240	620,389
Income Receivable	12	50,021	-
		<u>1,215,261</u>	<u>620,389</u>
<b>Liabilities</b>			
Other payables and accrued expenses	13	387,759	323,178
			-
<b>TOTAL NET ASSETS</b>		<u><u>115,560,596</u></u>	<u><u>91,906,434</u></u>
<b>FINANCED BY:</b>			
<b>Members' Account and Reserve Fund</b>		<u><u>115,560,596</u></u>	<u><u>91,906,434</u></u>

The financial statements set out on pages 11 to 18 were approved by the Trustee on .....2018 and signed on their behalf by:

.....  
**Trustee**

.....  
**Trustee**



**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2018**

**Statement of changes in Equity**

	<b>Net Unit Holders Funds Kshs</b>	<b>Net Surplus Khs</b>	<b>Changes in Fair Value of Investments Kshs</b>	<b>Total Khs</b>
<b>For the year 2017</b>				
As at 1st January 2017	55,556,240	36,937,997	(3,197,724)	89,296,513
<b>Net Contributions</b>	(7,472,703)	-	-	(7,472,703)
Surplus for the period	-	6,959,770	-	<b>6,959,770</b>
Prior year adjustment	-	-	33,619	33,619
Change in fair value of investment			3,089,235	3,089,235
As at 31 December 2017	<b>48,083,537</b>	<b>43,897,767</b>	<b>(74,870)</b>	<b>91,906,435</b>
<b>For the year 2018</b>				
As at 1st January 2018	48,083,537	43,897,767	(74,870)	91,906,434
Net Contributions	16,546,085	-	-	16,546,085
Surplus for the period	-	5,960,109	-	5,960,109
Prior year adjustments	-	-	-	33,619
Change in fair value of investments	-	-	1,029,749	1,029,749
As at 31 December 2018	<b>64,629,622</b>	<b>49,857,876</b>	<b>954,879</b>	<b>115,475,997</b>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Statement of cash flows**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operations</b>		
Contributions received	29,513,713	8,659,050
Benefits paid	(12,967,627)	(16,131,751)
Expenses paid	(3,736,093)	(3,120,764)
Prior year adjustments	126,419	33,619
<b>Net Cash flow from operations</b>	<b><u>12,936,412</u></b>	<b><u>(10,559,846)</u></b>
<b>Working Capital Changes</b>		
(Increase) / Decrease in Receivables	(50,021)	135,562
Increase / ( Decrease) in Payables	<u>64,581</u>	<u>(11,297)</u>
	<u>14,560</u>	<u>124,265</u>
<b>Net Cash flow from Operating Activities</b>	<b><u>12,950,971</u></b>	<b><u>(10,435,581)</u></b>
<b>Cash flow from Investing Activity</b>		
Investment income received	9,688,003	10,080,534
Change in market value of investment	1,029,749	3,089,235
<b>Net cash flow from Investment Activities</b>	<b><u>10,717,752</u></b>	<b><u>13,169,769</u></b>
<b>Cashflow from Financing Activities</b>		
Change in Investments	<b>(23,123,869)</b>	<b>(4,212,063)</b>
<b>Net cash flow from investing Activities</b>	<b><u>(23,123,869)</u></b>	<b><u>(4,212,063)</u></b>
<b>Net Cash Inflow/ (outflow)</b>	<b>544,854</b>	<b>(1,477,875)</b>
Cash and cash equivalents at start of year	620,387	2,098,264
<b>Cash and cash equivalents at end of year</b>	<b><u>1,165,240</u></b>	<b><u>620,387</u></b>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Notes**

**1. Basis of preparation**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and the Retirement Benefits Act 1997 as amended and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay benefits that fall due after the end of the financial year.

**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. Contribution income**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Members - Voluntary Contributions	29,513,713	8,659,050
	<u><b>29,513,713</b></u>	<u><b>8,659,050</b></u>

**4. Benefits payable**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Pensions	<u>12,967,629</u>	<u>16,131,753</u>

**5. Investment income**

	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest on T Bonds	6,611,267	7,454,990
Dividend income	58,300	513,736
Interest on call	282,651	204,050
Interest on T. Bill	-	172,908
Rebate on bonds	7,065	6,413
Interest in mmf invest	2,200,440	1,065,130
Gain/ loss on sale of bonds	-	205,637
Gain/ loss on sale of shares	528,280	457,669

9,688,003

10,080,533

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Notes (continued)**

<b>6 Administrative expenses</b>	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
RBA Levy	183,812	178,478
Bank charges	45,960	88,272
Secretarial fees	69,245	-
Audit fees	92,800	92,800
Administration and processing	139,200	121,341
AGM fees	8,200	8,200
	<b>539,217</b>	<b>489,091</b>
	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>7 Investment Management expenses</b>		
Fund Manager	2,745,534	2,289,448
Custodian	341,047	213,098
Trustees fees	110,295	129,012
	<b>3,196,876</b>	<b>2,631,558</b>
	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>8. Government Bonds</b>		
Treasury Bonds	53,204,145	47,332,638
Treasury Bills	454,282	454,282
Treasury Bills	-	-
	<b>53,658,428</b>	<b>47,786,920</b>
	<b>2018</b>	<b>2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>9 Quoted Equities</b>		
Banking	6,602,991	6,602,991
Commercial and services	534,651	534,651
Manufacturing and allied	97,130	97,130
	<b>5,790,162</b>	<b>7,234,772</b>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>10 Cash and Demand deposits</b>	<b>2018 Kshs</b>	<b>2017 Kshs</b>
Chase bank	5,748,188	21,277,020
SBM Bank	8,841,618	-
	<u>14,589,806</u>	<u>21,277,020</u>
<b>11 Custodians and collection accounts balance</b>	<b>2018 Kshs</b>	<b>2017 Kshs</b>
KCB Collection	169,462	120,525
National Bank	142,652	(10,173)
Custody account	853,126	510,037
	<u>1,165,240</u>	<u>620,389</u>
<b>12 Receivables</b>	<b>2018 Kshs</b>	<b>2017 Kshs</b>
Interest Receivable on Govt bonds	7,415	-
Interest on call receivable	42,606	-
	<u>50,021</u>	<u>-</u>
<b>13 Other payables and accrued expenses</b>	<b>2018 Kshs</b>	<b>2017 Kshs</b>
Audit fees current year	92,800	92,800
Custody fees	33,754	-
Trustee fees	-	32,058
Management fees	253,005	198,320
AGM Fees	8,200	-
	<u>387,759</u>	<u>323,178</u>

**ZIMELE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**Notes (continued)**

**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, primarily with respect to the US dollar and Euro.

**(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.