

**MADISON LIFE ASSURANCE PERSONAL PENSION PLAN**

**REGISTRATION NUMBER 01339**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

MADISON LIFE ASSURANCE PERSONAL PENSION PLAN  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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PLAN INFORMATION

<b>CORPORATE TRUSTEE</b>	KCB Bank Kenya Limited <del>Investor Services</del> KCB Towers, 7 <sup>th</sup> Floor, Kenya Road, Upper Hill, P.O. Box 30664-00100, Nairobi, Kenya.
<b>REGISTERED OFFICE</b>	Madison House Upper Hill Close P.O. Box 47382, 00100 Nairobi
<b>ISSUER/ADMINISTRATOR</b>	Madison Life Assurance Kenya Limited Madison House Upper Hill Close P.O. Box 47382, 00100 Nairobi
<b>INDEPENDENT AUDITORS</b>	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P.O. Box 40092, GPO-00100 Nairobi Kenya

# MADISON LIFE ASSURANCE PERSONAL PENSION PLAN ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## REPORT OF THE TRUSTEES

The trustee presents their report together with the audited financial statements of Madison Life Assurance Personal Pension Plan for the year ended 31 December 2021.

### 1. Establishment

The plan was established on 1 January 1994 under an irrevocable trust deed.

The principal activity of the plan is provision of lump sum and other benefits for individuals or employees of participating employers upon their retirement from the service of a participating employer and relief for the dependants of deceased members.

### 2. Membership

Contributing members:	2021	2020
At 1 January	6,637	7,251
New entrants	960	349
Leavers	(501)	(963)
	<hr/>	<hr/>
At 31 December	7,096	6,637
	=====	=====

### 3. Contributions

As per the rules of the scheme the contributions are a percentage of employee's salary by both the employer and the employee as determined by the participating employer. For individual contributors, amounts are as per the policy agreement.

### 4. Financial review

The plan recorded an increase in net assets available for benefits as at 31<sup>st</sup> December 2021 amounting to KShs 59,097,316 (2020: a decrease of KShs. 127,099,184).

### 5. Investment

We confirm that there is no self-investment, nor have any plan assets been used as security or collateral on behalf of the employers or any related party. The day to day administration of the scheme is dealt with by the trustees.

### 6. Corporate Trustee

The Corporate Trustee in office is KCB Bank (K) Limited.

#### i. Dates of Trustee Meetings

The trustee held two meeting during the year ended 31<sup>st</sup> December 2021. The meetings were held on 20<sup>th</sup> September 2021 and 30<sup>th</sup> December 2021.

#### ii. Composition of Trustee Board

The scheme has a corporate trustee

#### iii. Committees of the Board

The trustee did not have any committees in the year.

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**6. Corporate Trustee (Continued)**

**iv. Fiduciary Responsibility Statement**

The Corporate Trustee 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 embraced their fiduciary responsibility by:

- a) Acting honestly and did not improperly use inside information or abuse their position;
- b) Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and
- c) Performing their 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 trustee has ensured that the administrator has carried out all scheme investments and that all scheme assets and funds are held by the custodian.

**v. Responsible Corporate Citizenship**

The scheme has participated in socially responsible investments and operations 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.

**vi. 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.

**vii. Annual General Meeting**

The annual general meeting of the scheme was held on the 3rd December 2021 at which One Thousand Six Hundred Forty-Seven members attended. The Trustee adequately addressed the members' concerns.

**viii. Trustees Remuneration Policy**

The trustee was remunerated in accordance with the contract between the Trustee, KCB Bank (K) Limited and Madison Life Assurance Personal Pension Plan.

**7. Principal risks and uncertainties**

The plan's strategic focus is to enhance contribution growth whilst maintaining the increase in net assets, the success of which remains dependent on overall market conditions and other factors such as the impact of the recent coronavirus outbreak. Corona Virus Disease has brought about temporarily suspension of contributions by some schemes reducing the contributions received and retrenchment by some employer leading to increased number of leavers from the scheme

**8. Statutory aspects**

The trustee has complied with the requirements of the Retirement Benefits Act 1997 and the Retirement Benefits Regulations. The constituting trust deed and rules were signed by the trustee on 1 January 1994 after approval by the Commissioner of Income Tax and the Retirement Benefits Authority



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SCHEME GOVERNANCE DISCLOSURE STATEMENT (APPENDIX A) (Continued)

**9. Trustee meetings**

The corporate trustee meets at least two (2) times a year and their responsibilities are broadly set out in the plan's trust deed and rules. Specifically, the corporate trustee meets to review monthly, quarterly and annual investment performance and to consider operational, financial, strategic and compliance issues.

There is a procedure in place for the corporate trustee to take independent professional advice from service providers at the expense of the plan if this is necessary in connection with their duties. The corporate trustee has also arranged appropriate insurance cover in respect of legal action that may be instituted against them and the plan.

**10. Statement of compliance and conflict of interest**

Conscious of its responsibilities to members, service providers, creditors, and the society, the trustee issues this statement confirming that they have complied with the law, conducted their affairs in accordance with the best principles and practices of corporate governance.

**11. Independent auditor**

The plan's auditors, Deloitte & Touche LLP, have indicated willingness to continue in office in accordance with section 34 (3) of the Retirement Benefits Act

Signed on behalf of the corporate trustee on 31 March.....2022

For: KCB BANK KENYA LTD.  
  
.....  
CORPORATE TRUSTEE

Signed on behalf of corporate trustee

For: KCB BANK KENYA LTD.  
  
.....  
CORPORATE TRUSTEE

Signed on behalf of corporate trustee

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REPORT OF THE TRUSTEES (Continued)

CORPORATE GOVERNANCE STATEMENT

The corporate trustee of the Madison Life Assurance Personal Pension Plan in line with the Retirement Benefits Authority Market Conduct Prudential Guideline Number MC/001, 2017 recognizes the need to conduct the business and operations of the fund with openness, objectively, integrity, honesty, professionalism and accountability and in accordance with the highest standard of governance practices.

The trustee is the supreme organ for formulating and interpreting the plan policy, charting out the road map for goal attainment including plans of action and ensuring that the plan meets its obligations to the members and the sponsor.

The corporate trustee is accountable to the Retirement Benefits Authority and members to ensure compliance with the plan's trust deed and rules, the Retirement Benefits Acts, 1997 and best business practice and ethics.

**Trustee meetings**

The corporate trustee meets at least two (2) times a year and their responsibilities are broadly set out in the plan's trust deed and rules. Specifically, the corporate trustee meets to review monthly, quarterly and annual investment performance and to consider operational, financial, strategic and compliance issues.

There is a procedure in place for the corporate trustee to take independent professional advice from service providers at the expense of the plan if this is necessary in connection with their duties. The corporate trustee has also arranged appropriate insurance cover in respect of legal action that may be instituted against them and the plan.

**Statement of compliance and conflict of Interest**

Conscious of its responsibilities to members, service providers, creditors, and the society, the trustee issues this statement confirming that they have complied with the law, conducted their affairs in accordance with the best principles and practices of corporate governance.

Signed on behalf of the corporate trustee on... 31 March .....2022

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Signed on behalf of corporate trustee

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Signed on behalf of corporate trustee

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STATEMENT OF TRUSTEE'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Retirement Benefits (Occupational Retirement Benefit Funds) Regulations, 2000 made under Retirement Benefits, Act 1997 require the trustee to prepare financial statements in a prescribed form for each financial year. They also require the trustee to ensure that the plan 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 plan. The trustee is also responsible for safeguarding the assets of the plan and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustee accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. The trustee also accepts responsibility for:

- i. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii. selecting and applying appropriate accounting policies; and
- iii. making accounting estimates and judgments that are reasonable in the circumstances.

The trustee is of the opinion that the financial statements give a true and fair view of the net assets available for benefits and changes in net assets available for benefits for the year then ended in accordance with the International Financial Reporting Standards and the Retirement Benefits Act.

In preparing these financial statements, the trustee has assessed the plan's ability to continue as a going concern. Nothing has come to the attention of the trustee to indicate that the scheme will not remain a going concern for at least the next twelve months from the date of this statement.

The trustee acknowledges' s that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by board of trustees on .....31 March.....2022

For: KCB BANK KENYA LTD.

.....  
CORPORATE TRUSTEE

.....  
Signed on behalf of corporate trustee

For: KCB BANK KENYA LTD.

.....  
CORPORATE TRUSTEE

.....  
Signed on behalf of corporate trustee



## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MADISON LIFE ASSURANCE PERSONAL PENSION PLAN

### Opinion

We have audited the accompanying financial statements of Madison Life Assurance Personal Pension Plan set out on pages 9 to 15 which comprise the statement of net assets available for benefits as at 31 December 2021, the statement of changes in net assets available for benefits for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the plan's net assets available for benefits as at 31 December 2021, and changes in net assets available for benefits of its financial performance for the year then ended in accordance with International Financial Reporting Standards and the Retirement Benefits Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 plan 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 other 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.

### Other information

The trustee is responsible for the other information. The other information comprises, the report of the trustee, corporate governance statement, and statement of trustee's responsibilities. The other information does not include the financial statements and our auditor's report thereon.

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 regards.

### Responsibilities of the trustee for the financial statements

The trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Retirement Benefit Act, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Partners: D.M. Mbogho; A.N. Muraya; F. O. Aloo; J. Nyang'aya; B.W. Irungu; I. Karim; F. Okwiri; F.O Omondi; F. Mitambo; P. Seroney; D. Waweru; C Luo.

Deloitte & Touche, a partnership with registration No. 177912, converted to Deloitte & Touche LLP/Registration No. LLP-A21DDP effective 14 June 2021.

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited.

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MADISON LIFE ASSURANCE PERSONAL PENSION PLAN (CONTINUED)**

### **Responsibilities of the trustee for the financial statements (continued)**

In preparing the financial statements, the trustee is responsible for assessing the plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the plan or to cease operations, or have no realistic alternative but to do so.

### **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 International Standards on Auditing 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 our auditor's report. However, future events or conditions may cause the plan to cease to continue as a going concern.
- 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 the trustee regarding, among other matters, the planned scope and timing of the audit significant audit findings, including any significant deficiencies in internal control that we identify during our audit

The engagement partner responsible for the audit resulting in this independent auditor's report is  
**CPA David Waweru, Practising certificate No. 2204.**



**For and on behalf of Deloitte & Touche LLP  
Certified Public Accountants (Kenya)  
Nairobi**

**31 March 2022**



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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Note	2021 KShs	2020 KShs
<b>Contributions and benefits</b>			
Contributions received	2(a)	97,888,908	119,118,715
Benefits paid to leavers	3(a)	(122,312,816)	(145,592,969)
Transfer to other schemes	3(b)	(1,040,475)	(166,992,832)
Net (deficit)/surplus from dealings with members		(25,464,383)	(193,467,086)
<b>Return on plan investments</b>			
Plan investment income	4	101,011,260	79,797,084
Administrative expenses	5	(16,449,561)	(13,429,182)
(Decrease)/increase in net assets for the year		59,097,316	(127,099,184)
Net assets at the start of the year		931,507,735	1,058,606,919
Net assets at the end of the year		990,605,051	931,507,735

The notes on pages 11 to 15 form an integral part of these financial statements.

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Note	2021 KShs	2020 KShs
<b>Assets</b>			
Plan investments	6	992,647,523	933,720,102
<b>Liabilities</b>			
Other payables	7	2,042,472	2,212,367
		<hr/>	<hr/>
<b>Net assets available for benefits</b>		<u>990,605,051</u>	<u>931,507,735</u>

The financial statements on pages 9 to 15 were approved and authorized for issue by the trustee and were signed on behalf of the trustee by:

Signed on behalf of the corporate trustee on 31 March.....2022

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Signed on behalf of corporate trustee

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Signed on behalf of corporate trustee



MADISON LIFE ASSURANCE PERSONAL PENSION PLAN  
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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

**Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards.

**Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)**

*(a) Relevant new standards and amendments to published standards effective for the year ended 31 December 2021.*

Several new and revised standards and interpretations became effective during the year. The Trustee has evaluated the impact of the new standards and interpretations and none of them had a significant impact on the scheme's financial statements.

*(b) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021*

At the date of authorisation of these financial statements, various revised standards and interpretations were in issue but not yet effective. The Trustee anticipates that the adoption of these standards, interpretations and amendments when effective, will have no material impact on the financial statements of the scheme.

*(c) Early adoption of standards*

The Scheme did not early-adopt any new or amended standards in 2021.

**a) Basis of preparation**

The historical cost is generally based on the historical cost of asset which are not updated for changes in the asset value

**Going concern**

The financial performance of the plan is set out in the report of the trustee and in the statement of changes in net assets available for benefits. The financial position of the plan is set out in the statement of net asset available for benefits. Disclosures in respect of principal risks and uncertainties are included in the report of the trustee and disclosures in respect of risk and fund management are set out in note 9 and 10.

Based on the financial performance and position of the plan and its risk management policies, the trustee is of the opinion that the plan is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis

**b) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no material accounting estimates and judgements that have been used in arriving at the numbers in the financial statements.

# MADISON LIFE ASSURANCE PERSONAL PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### c) Plan investment income

Interest income is accrued on time basis, by reference to the principal balance outstanding at the effective interest rates applicable.

#### d) Plan investments

All plan investments are carried at amortized cost.

Plan investments have been carried at the ultimate redemption value. Any assets in operations of the plan are accounted for in accordance with the applicable standards.

#### e) Financial instruments

Financial instruments are recognised when, and only when, the plan becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting, which is the date the scheme, commits itself to the purchase date.

##### *Financial assets*

The plan classifies its financial assets into the following categories:

##### (i) Amortised cost

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by which is the date the plan, commits itself to the purchase or sale.

##### *Financial Liabilities*

Financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as current liabilities unless the plan has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### f) Taxation

The plan is exempt from Income Tax under the Income Tax Act (Cap. 470) up to the statutory limit.

#### g) Contributions

Contributions are a percentage of employee's salary made by both the employer and the employee as determined by the participating employer. For individual contributors, amounts are as per the policy agreement.

#### h) Transfers

Transfers are recognised in the period in which members join from other schemes or leave for other schemes

# MADISON LIFE ASSURANCE PERSONAL PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. ACCOUNTING POLICIES (Continued)

#### i) Withdrawals

Benefits payable to seceding members are taken into account as they fall due for payment.

#### j) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### 2. (a) CONTRIBUTIONS RECEIVED

The plan is a defined contribution scheme. Contributions paid by the employer and employees are credited directly to the plan. The employer and employee contributions are as indicated below.

	2021 KShs	2020 KShs
Employer contributions	57,451,920	72,562,623
Employee contributions	40,436,988	46,556,092
	<u>97,888,908</u>	<u>119,118,715</u>

### 3. (a) BENEFITS PAID AND DUE TO LEAVERS

	2021 KShs	2020 KShs
Benefits paid and due to leavers	<u>122,312,816</u>	<u>145,592,969</u>

#### b) TRANSFERS TO OTHER SCHEMES

This represents transfers of funds to other schemes. The transfers to other schemes in the year were KShs 1,040,475 (2020: KShs. 166,992,832)

### 4. PLAN INVESTMENT INCOME

	2021 KShs	2020 KShs
Interest declared by the administrator	<u>101,011,260</u>	<u>79,797,084</u>

Investment income represents interest declared net of administration charges. The plan realised a return of 11% (2020 – 8%) on its investment balances during the year



# MADISON LIFE ASSURANCE PERSONAL PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. ADMINISTRATIVE EXPENSES

	2021 KShs	2020 KShs
Administration fees	13,602,317	11,332,560
Audit Fees	117,475	158,212
Retirement Benefit Authority Levy	1,610,968	1,670,519
Trustee fees	1,118,801	267,891
	<u>16,449,561</u>	<u>13,429,182</u>

### 6. PLAN INVESTMENTS

This represents investment in a guaranteed fund by the administrator on behalf of the trustee.

	2021 KShs	2020 KShs
Madison Life Assurance Kenya Limited	992,647,523	933,720,102
	<u>992,647,523</u>	<u>933,720,102</u>

### 7. OTHER PAYABLES

Audit Fees	148,016	152,615
Retirement Benefit Authority levy	1,627,426	1,663,720
Trustee fees	216,000	345,000
AGM expenses	51,030	51,032
	<u>2,042,472</u>	<u>2,212,367</u>

### 8. CASH AND CASH EQUIVALENTS

Statement of cash flow has not been prepared as the funds are being managed on a pooled basis by the Madison Life Assurance Kenya Limited

### 9. FINANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

The plan generates revenues for the members by investing in various income generating activities which expose it to a variety of financial risks, including credit risk and liquidity risk. The fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

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.

The trustee provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk.



# MADISON LIFE ASSURANCE PERSONAL PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 9. FINANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Credit risk

Credit risk arises from breach of contractual obligations, or if information is available internally or externally that suggests that the sponsor is unlikely to be able to meet its obligations.

The amount that best represents the fund's maximum exposure to credit risk at year end is made up as follows:

	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount KShs	Loss allowance KShs	Net amount KShs
<b>31 December 2021</b>					
Funds held with investment manager	Investment grade	12 months ECL	992,647,523	-	992,647,523
			=====	=====	=====
<b>31 December 2020</b>					
Funds held with Administrator	Investment grade	12 months ECL	933,720,102	-	933,720,102
			=====	=====	=====

No collateral is held for the above assets.

### 10. FUND MANAGEMENT

The fund's objectives when managing funds are:

- to comply with the Retirement Benefits (Individual Retirement Benefits Schemes) Regulations, 2000 made under the Retirement Benefits Act, 1997.
- to safeguard the fund's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other stakeholders.

The Retirement Benefits Act, 1997 requires the fund's trustees to invest members' funds using prudent investment policies that shall get the members market rates on their investments. This requirement has been complied with.

The trustee sets the amount of fund in proportion to risk. The trustee manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Fund comprises members' funds.

### 11. INCORPORATION

The plan is registered and domiciled in Kenya under the Retirement Benefits Act, 1997. Registration of the plan under the Retirement Benefits Act 1997 was finalised in 2006. The plan is also registered under the Income Tax Act.

### 12. SUBSEQUENT EVENTS

There has been no significant event after the reporting date of signing these accounts which have a material financial statement impact as at 31<sup>st</sup> December 2021.

### 13. PRESENTATION

The plan is registered and domiciled in Kenya under the Retirement Benefits Act, 1997. Registration of the plan under the Retirement Benefits Act 1997 was finalised in 2006. The plan is also registered under the Income Tax Act.