THE JUBILEE INSURANCE UMBRELLA SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

RBA REGISTRATION NUMBER 01839

CONTENTS

SCHEME INFORMATION

CORPORATE TRUSTEE	: Kingsland Court Trustee Services Limited : Flamingo Towers, Upperhill : P.O. Box 10285, 00100 : NAIROBI
REGISTERED OFFICE	: Jubilee Life Insurance Limited : Jubilee Insurance House, Wabera street : P.O. Box 30376, 00100 : NAIROBI
APPROVED ISSUER	: Jubilee Life Insurance Limited : Jubilee Insurance House, Wabera street : P.O. Box 30376, 00100 : NAIROBI
SCHEME ADMINISTRATOR	: Jubilee Life Insurance Limited : Jubilee Insurance House, Wabera street : P.O. Box 30376, 00100 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P.O. Box 14077, 00800 : NAIROBI

REPORT OF THE DIRECTORS OF THE CORPORATE TRUSTEE

The directors of the corporate trustee ("the trustees") presents their annual report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of the scheme.

ESTABLISHMENT, NATURE AND STATUS OF THE SCHEME

The scheme was established and is governed by a trust deed with effect from 16 April 2009. It is a defined contribution Scheme and provides, under the rules of the Scheme, retirement benefits for the members of The Jubilee Insurance Umbrella Scheme. It is an exempt approved schemes up to the statutory limit under the Income Tax Act (Cap.470) and is registered with the Retirement Benefits Authority.

PRINCIPAL ACTIVITY

The main purpose of the plan is the provision of pensions and lump sum retirement benefits to members upon their retirement at a specified age and relief to the dependants of deceased members as defined in the trust deed and rules.

CONTRIBUTIONS

As per the scheme rules, each adhering employer has the discretion to choose the rates of contributions applicable to themselves and their employees. Members may elect to make additional voluntary contributions.

MEMBERSHIP

The following is the movement in the number of members in the scheme:

	2023 Numbers	2022 Numbers
At start of year	19,182	16,601
Additions during the year	3,182	3,179
Leavers during the year	(529)	(598)
At end of year	21,835	19,182

FINANCIAL REVIEW

The statement of changes in net assets available for benefits on page 10 shows an decrease in net assets available for benefits of Shs. 2,738,000,626 (2022: Shs. 2,678,722,740). The statement of net assets available for benefits on page 11 shows net assets of Shs. 15,124,191,758 (2022: Shs. 12,386,191,132).

INVESTMENT OF FUNDS AND INVESTMENT POLICY

Under the terms of their appointment,Jubilee Life Insurance Limited are responsible for the investment of funds. The overall responsibility for investment and performance lies with the directors of the corporate trustee.

The principal objective of the fund investment policy is to ensure the solvency of the scheme over time and meet its benefit obligations as required. The total return objective is to achieve maximum investment income.

The scheme's investment strategy is to produce a long term return which maximizes real growth while ensuring income generation and liquidity sufficient to meet benefits payments. The directors of the corporate trustee take reasonable care and the issuer endeavours to ensure that the investments made are in the best interests of the members of the plan.

We confirm that there is no self-investment, nor have any scheme assets been used as security or collateral on behalf of a member or any connected business or individual.

REPORT OF DIRECTORS OF THE CORPORATE TRUSTEE (CONTINUED)

INVESTMENT OF FUNDS AND INVESTMENT POLICY (CONTINUED)

The day to day administration of the pension scheme is dealt with by Jubilee Life Insurance Limited who also is the approved issuer.

Under the terms of their appointment, Jubilee Life Insurance Limited are responsible for the investment of the plan. During the year, members' funds were invested with Jubilee Life Insurance Limited in a Deposit Administration Account and the net return declared and credited to members' accounts was at the rate of 10.45% (2022: 9.5%).

The scheme funds are invested as provided under the Retirement Benefits Authority Regulations.

CORPORATE TRUSTEE

The corporate trustee is appointed in accordance with the Retirement Benefits Act, 1997. The corporate trustee to the date of this report is shown on page 1.

STATEMENT AS TO DISCLOSURE TO THE SCHEME'S AUDITOR

Each director of the corporate trustee at the time this report was approved, confirms that, to the best of their knowledge and belief, the information furnished to the auditor for the purpose of the audit is correct and complete in every aspect.

INDEPENDENT AUDITOR

The scheme's auditor, PKF Kenya LLP, has expressed willingness to continue in office in accordance with section 34(3) of the Retirement Benefits Act, 1997. The trustees monitor the effectiveness, objectivity and independence of the auditor. The trustees also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY THE ORDER OF THE BOARD OF DIRECTORS OF THE CORPORATE TRUSTEE

DIRECTOR

28th March **2024**

NAIROBI

STATEMENT OF DIRETORS OF THE CORPORATE TRUSTEE'S RESPONSIBILITIES

The Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017 made under Retirement Benefits Act, 1997 requires the directors of the corporate trustee to prepare financial statements in a prescribed form for each financial year. They also require the directors of the corporate trustee 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 directors of the corporate trustee are also responsible for safeguarding the assets of the scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the corporate trustee accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept 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 judgements that are reasonable in the circumstances.

The directors of the corporate trustee confirm 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 and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Retirement Benefits Act, 1997.

Having made an assessment of the scheme's ability to continue as a going concern, the directors of the corporate trustee are not aware of any material uncertainties related to events or conditions that may cast doubt upon the scheme's ability to continue as a going concern for at least the next twelve months from the date of this statement.

The trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors of the corporate trustee on 28th March 2024 and signed on its behalf by:

DIRECTOR

DIRECTOR

SCHEME GOVERNANCE DISCLOSURE STATEMENT

1. **Trustees in office**

Name of trustee	Age in years	Category	No. of meetings attended	TDPK certified	Highest academic qualification	Member of other pension boards
(Corporate Trustee) Kingsland Court Trustee Services Limited	N/A	Independent	5	Yes	N/A	Yes

2. **Trustees Meeting**

The board of trustees held four (4) meetings during the year ended 31 December 2023. The meetings were held on the dates set out hereunder:

(a) 6 April 2023 – Quarter 1 2023 Trustee Meeting
(b) 20 June 2023 – Quarter 2 2023 Trustee Meeting
(c) 14 September 2023 – Quarter 3 2023 Trustee Meeting
(d) 14 December 2023 – Quarter 4 2023 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 "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 sponsor attend these meetings.

5. **Fiduciary responsibility statement**

The Corporate Trustee is the governing body of the Jubilee Insurance Umbrella Scheme 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 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.

6. **Responsible corporate citizenship**

The scheme is 100% invested in a guaranteed fund 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.

SCHEME GOVERNANCE DISCLOSURE STATEMENT (CONTINUED)

7. **Key outcomes**

The corporate 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.

8. **Annual general meeting**

The scheme's annual general meeting was held virtually on 25 July 2023. Members were adequately engaged and all their concerns were handled during questions and answer session. Topical issue on health in retirement presented during the meeting was highly applauded by members.

9. **Members' sensitization**

During the sensitization activity, members were reminded of the Retirement Benefits Authority Whistle Blower portal to report any unusual occurrences in the management of scheme affairs.

10. **Trustees' remuneration policy**

The corporate trustee was remunerated in accordance with the contract between the Trustee, Kingsland Court Trustee Services Limited and the Sponsor, Jubilee Life Insurance Limited. All expenses except for income tax and RBA Levy are borne by the Sponsor.

11. **Board of trustees' evaluation - [N/A – Corporate Trustee]**

12. **Independent auditor**

PKF Kenya LLP, have expressed their willingness to continue in office.

BY THE ORDER OF THE DIRECTORS OF THE CORPORATE TRUSTEE

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Chairperson
Board of Trustees

28th March 2024

NAIROBI

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF THE JUBILEE INSURANCE UMBRELLA SCHEME

Opinion

We have audited the financial statements of The Jubilee Insurance Umbrella Scheme set out on pages 10 to 22, which comprise the statement of net assets available for benefits as at 31 December 2023, statement of changes in net assets available for benefits and notes to the financial statements including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of The Jubilee Insurance Umbrella Scheme financial position as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements Retirement Benefits Act, 1997.

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 audit of the financial statements section of our report. We are independent of the scheme in accordance with the International Ethics Standards Board for Accountants' code of Ethics for professional accountants 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 directors of the corporate trustee are responsible for the other information. The other information comprises the scheme information, report of directors of the corporate trustee, statement of directors of the corporate trustee's responsibilities and the scheme governance disclosure statement that form part of the annual report but 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 regard.

Responsibilities of directors of the corporate trustee for the financial statements

The directors of the corporate trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefit Act, 1997 and for such internal control as the directors of the corporate trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF THE JUBILEE INSURANCE UMBRELLA SCHEME (CONTINUED)

Responsibilities of directors of the corporate trustee for the financial statements (Continued)

In preparing the financial statements, the directors of the corporate trustee are responsible for assessing the scheme'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 directors of the corporate trustee either intend to liquidate the scheme or to cease operations, or have no realistic alternative but to do so.

The directors of the corporate trustees are responsible for overseeing the scheme's financial reporting process.

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 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 International Standards on Auditing, we exercise professional judgement 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 scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the corporate trustee .

- Conclude on the appropriateness of directors of the corporate trustee's 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 scheme'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 scheme 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.

PKF

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF THE JUBILEE INSURANCE UMBRELLA SCHEME (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

The engagement partner responsible for the audit resulting in this report the independent auditor is CPA Patrick Kuria, Practising certificate No. 2045.

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For and behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

March 28, **2024**

217/24

PKF Kenya LLP, LLP-8519PL, Kalamu House, Grevillea Grove, Westlands, P O. Box 14077, 00800, Nairobi, Kenya. +254 20 4270000 +254 732 144000

Email: pkfnbi@ke.pkfea.com

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2023 Shs	2022 Shs
Dealings with members			
Contributions for the year	2(a)	2,234,783,467	1,889,340,288
Transfers in	2(b)	183,042,998	668,828,929
Leavers	2(c)	(854,817,511)	(575,724,147)
Transfers out	2(d)	(33,809,390)	(198,217,874)
Net additions from dealings with members		1,529,199,566	1,784,227,196
Return on plan investments			
Plan investments income	3	1,353,688,582	1,000,656,200
Tax	4	(139,887,522)	(101,160,656)
Administrative expenses	5	(5,000,000)	(5,000,000)
Net return on plan investments		1,208,801,060	894,495,544
Net increase in net assets available for benefits		2,738,000,626	2,678,722,740
Net assets available for benefits at start of year		12,386,191,132	9,707,468,392
Net assets available for benefits at end of year	6	15,124,191,758	12,386,191,132

The notes on pages 12 to 22 form an integral part of these financial statements.

Report of the independent auditor - page 7 to 9.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2023 Shs	2022 Shs
Members' balances	6	15,124,191,758	12,386,191,132
REPRESENTED BY			
Non-current assets			
Plan investments	7	15,027,623,675	12,289,216,319
Current assets			
Contributions receivable	8	118,349,928	101,210,012
Tax recoverable	4	-	764,801
		118,349,928	101,974,813
Current liabilities			
Payables	9	5,000,000	5,000,000
Tax payable	4	16,781,845	-
		21,781,845	5,000,000
Net current assets		96,568,083	96,974,813
Net assets available for benefits		15,124,191,758	12,386,191,132

The financial statements on pages 10 to 22 were approved and authorised for issue by the board of directors of the corporate trustee on 28th March 2024 and were signed on its behalf by

________________ **DIRECTOR** ________________ **DIRECTOR**

The notes on pages 12 to 22 form an integral part of these financial statements.

Report of the independent auditor - page 7 to 9.

1. **Material accounting policy information**

The accounting policy information considered material in the preparation of these financial statements is set out below. The accounting policy information has been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Kenyan Retirement Benefits Act. The statement of changes in net assets available for benefits represents the statement of income and expenditure referred to in the Act. The statement of net assets available for benefits represents the statement of assets and liabilities referred to in the Act.

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards , Retirement Benefits Act, 1997 as amended, and with the Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the scheme takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date.

Going concern

The financial performance of the plan is set out in the directors of the corporate trustees' report 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 assets available for benefits. Disclosures in respect of principal risks and uncertainties and fund management are set out in note 11 and 12.

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

New standards, amendments and interpretations adopted by the scheme

The scheme applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The scheme has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendment provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendment has had an impact on the fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the fund's financial statements.

Amendments to IAS 8 'Definition of Accounting Estimates'

The amendments introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

1. **Material accounting policy information (continued)**

a) **Amendments to IAS 8 'Definition of Accounting Estimates' (continued)**

The amendment has had an impact on the fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the fund's financial statements.

- **New standards, amendments and interpretations issued but not effective**

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' and 'Non-current Liabilities with Covenants' (issued in January 2020 and October 2022), effective for annual periods beginning or after 1 January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The scheme is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The directors of corporate trustee do not expect that adoption of the above standards and interpretations will have a material impact on the financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

b) **Significant accounting judgements, estimates and assumptions**

In the application of the accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors of the corporate trustee have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Measurement of Expected Credit Losses (ECL) - contributions receivable**

In recognising the expected credit losses on contibutions receivable, the scheme has adopted the simplified approach. The scheme has adopted the provision matrix to measure expected credit losses where by a default rate is applied on debtors depending on the number of days that a receivable is past due. The default rate is estimated based on the scheme's historical default rate and reviewed and adjusted for forward looking information on a periodical basis.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The scheme's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

1. **Material accounting policy information (continued)**

c) **Plan investments income (continued)**

Income comprises the fair value of the consideration received or receivable in the ordinary course of business.

The scheme recognises income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the scheme and when the specific criteria have been met for each of the scheme's activities as described below. The scheme bases its estimates on historical results, type of transaction and specifics of each arrangement.

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting.

d) **Contributions**

Employer has the discretion to choose the rates of contributions applicable to themselves and their employees. Members may elect to make additional voluntary contributions.

e) **Transfers from and to other schemes**

Transfer values represent the capital sums either receivable in respect of members from other schemes or payable to schemes of members who have left the scheme. They are accounted for on an accruals basis on the date the trustees/directors of corporate trustee of the receiving scheme accept the liability to pay the related benefits.

f) **Plan investments**

All plan investments are carried at fair value. For marketable securities, the fair value is the market value which is the most useful measure of the securities as at the report date and of the investment performance for the period.

Those securities that have a fixed redemption value and have been acquired to match the obligations of the scheme, or specific parts thereof, are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

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

g) **Benefits and payments**

Pensions in payment, including pensions funded by annuity contracts and amounts paid under income draw-down arrangements, are accounted for in the period to which they relate. Where members can choose whether to take their benefits as a full pension or as a lump-sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retirement or death, as appropriate. Refunds and opt-outs are accounted for when the trustees are notified of the member's decision to leave the scheme.

1. **Material accounting policy information (continued)**

h) **Financial instruments**

Financial instruments are recognised when, and only when, the scheme becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Purchases or sales of financial assets are recognised initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

The scheme classifies its financial assets that are not classified as plan investments into finacial assets at 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. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised.

At initial recognition of a financial asset, the scheme determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The scheme reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the scheme has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the plan has transferred substantially all risks and rewards of ownership, or when the scheme has no reasonable expectations of recovering the asset.

Impairment

The scheme recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:
- Contributions due

The loss allowance is measured at an amount equal to the lifetime expected credit losses for receivables.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the reporting date or those which management has the express intention of holding for less than 12 months from the reporting date, in which case they are classified as current assets.

NOTES (CONTINUED)

1. **Material accounting policy information (continued)**

h) **Financial instruments (continued)**

Financial liabilities

Initial recognition and measurement

The scheme's financial liabilities are classified and measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Presentation

All financial liabilities are classified as non-current except those expected to be settled in the scheme's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the scheme does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liabilit' ‾ e difference in the respective carrying amounts is recognised in net assets available for benefits.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position 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.

i) **Cash and cash equivalents**

A statement of cash flows has not been prepared as the funds are being managed on a pooled basis by Jubilee Life Insurance Limited.

j) **Taxation**

The plan is exempt from income tax on its investment income under the Income Tax Act (Cap. 470) up to the statutory limit.

Value Added Tax (VAT)

The fund is not registered for VAT obligation and therefore VAT incurred on purchase of assets or services is recognised as part of the cost of acquisition of the asset or as part of the expense item.

k) **Comparatives**

There were no changes in presentation in the current year.

NOTES (CONTINUED)

2. **Dealings with members**	2023 Shs	2022 Shs
a) **Contributions for the year**		
Employers - registered	522,719,475	487,209,200
Employers - unregistered	775,086,688	611,322,561
Employees - registered	697,722,878	621,118,251
Employees - unregistered	239,254,426	169,690,273
	2,234,783,467	1,889,340,286
b) **Transfer in**		
Individual transfers in from other schemes	183,042,999	668,828,929
c) **Leavers**	(854,817,511)	(575,724,147)
d) **Transfer out**	(33,809,390)	(198,217,874)
Net additions from dealings with members	1,529,199,565	1,784,227,194

3. **Plan investments income**

The plan investments income allocated to the registered and unregistered portions for taxation purposes, can be analysed as follows:

	2023 Shs	2022 Shs
- registered (Note 4)	887,396,843	663,454,015
- unregistered	466,291,739	337,202,185
	1,353,688,582	1,000,656,200

4. **Tax**

	2023 Shs	2022 Shs
Tax charge - unregistered scheme	139,887,522	101,160,656
	139,887,522	101,160,656

Tax is charged on plan investment income earned from the unregistered portion at the rate of 30% (2022: 30%).

	2023 Shs	2022 Shs
Total plan investments income	1,353,688,582	1,000,656,200
Less: income relating to registered portion (Note 3)	(887,396,843)	(663,454,015)
Taxable income	466,291,739	337,202,185
Tax thereon at 30% (2022: 30%)	139,887,522	101,160,656
Tax charge	139,887,522	101,160,656

The tax payable for the period is as follows:

	2023 Shs	2022 Shs
At the start of the year	(764,801)	5,630,012
Charge for the year	139,887,522	101,160,656
Paid in the year	(122,340,876)	(107,555,469)
	16,781,845	(764,801)

The splits of tax payable is as follows:

	2023 Shs	2022 Shs
2023/2022 - payable	26,801,418	9,254,772
2021 - (overpayment)	(4,694,875)	(4,694,875)
2020 - (overpayment)	(2,642,807)	(2,642,807)
2018 - (overpayment)	(2,681,891)	(2,681,891)
	16,781,845	(764,801)

5. **Administrative expenses**

	2023 Shs	2022 Shs
RBA levy	5,000,000	5,000,000

6. **Members' balances**

The movement in the members' balances is as follows:

	Registered		Unregistered		
Year ended 31 December 2023	**Employer Shs**	**Employee Shs**	**Employer Shs**	**Employee Shs**	**Total Shs**
At start of year	3,924,312,474	4,257,820,266	3,128,060,839	1,075,997,553	12,386,191,132
Contributions for the year (Note 2(a))	522,719,475	697,722,878	775,086,688	239,254,426	2,234,783,468
Transfers in (Note 2(b))	46,456,110	48,732,822	59,954,157	27,899,909	183,042,998
Leavers (Note 2(c))	(239,515,443)	(291,933,926)	(262,852,912)	(60,515,230)	(854,817,511)
Transfers out (Note 2(d))	(701,613)	(5,325,635)	(19,416,942)	(8,365,200)	(33,809,390)
Plan investments income (Note 3)	424,226,219	463,170,625	365,527,896	100,763,843	1,353,688,582
Tax (Note 4)	-	-	(109,658,369)	(30,229,153)	(139,887,522)
Administrative expenses (Note 5)	(1,578,154)	(1,709,901)	(1,338,780)	(373,165)	(5,000,000)
At end of year	4,675,919,067	5,168,477,129	3,935,362,577	1,344,432,984	15,124,191,758
Year ended 31 December 2022					
At start of year	3,184,346,932	3,301,439,993	2,388,592,039	833,089,429	9,707,468,393
Contributions for the year (Note 2(a))	487,209,200	621,118,251	611,322,561	169,690,273	1,889,340,286
Transfers in (Note 2(b))	169,055,793	249,709,764	190,088,323	59,975,049	668,828,929
Leavers (Note 2(c))	(175,482,207)	(189,673,093)	(168,268,796)	(42,300,052)	(575,724,147)
Transfers out (Note 2(d))	(60,417,320)	(65,303,145)	(57,933,792)	(14,563,617)	(198,217,874)
Plan investments income (Note 3)	321,237,055	342,216,961	236,535,909	100,666,277	1,000,656,201
Tax (Note 4)	-	-	(70,960,773)	(30,199,883)	(101,160,656)
Administrative expenses (Note 5)	(1,636,979)	(1,688,464)	(1,314,633)	(359,924)	(5,000,000)
At end of year	3,924,312,474	4,257,820,266	3,128,060,839	1,075,997,553	12,386,191,132

NOTES (CONTINUED)

7. Plan investments

	2023 Shs	2022 Shs
Plan investments	15,027,623,675	12,289,216,319
At start of year	12,289,216,319	9,640,750,850
Contributions for the year	2,217,643,552	1,865,477,830
Transfer in	183,042,998	668,828,928
Leavers	(854,817,511)	(575,724,146)
Transfer out	(33,809,390)	(198,217,874)
Plan investments income	1,353,688,582	1,000,656,200
Scheme expenses paid in the year	(5,000,000)	(5,000,000)
Tax paid during the year	(122,340,876)	(107,555,469)
At end of year	15,027,623,675	12,289,216,319

Plan investments comprise managed funds invested with Jubilee Life Insurance Limited. Interest is credited to members at rates declared by the insurance company and has a minimum guaranteed rate of return of 4%.

The plan investments are carried at amounts based on their ultimate redemption value.

8. Contributions receivable

	2023 Shs	2022 Shs
- contributions due from members	59,174,964	50,605,006
- contributions due from sponsor	59,174,964	50,605,006
	118,349,928	101,210,012

In the opinion of the directors of the corporate trustee, the carrying amounts of contribution receivable approximate to their fair value.

All contribution were outstanding for less than 30 days.

The carrying amounts of the contributions receivable of scheme are denominated in Kenya Shilling (Shs).

9. Payables

	2023 Shs	2022 Shs
RBA levy payable	5,000,000	5,000,000

In the opinion of the directors of the corporate trustee, the carrying amounts of other payables approximate to their fair value.

The carrying amounts of payables of scheme are denominated in Kenya Shillings.

The total payables of the scheme mature between 4 to 12 months.

10. Tax status of the scheme

The Jubilee Insurance Umbrella Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income up to the statutory limit. Any income arising on contributions in excess of the statutory limit is charged income tax at the statutory tax rate.

11. **Risk management objectives and policies**

Financial risk management

The scheme's activities expose it to a variety of financial risks: market risk (including interest rate risk), and liquidity risk.

The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the scheme's financial performance.

Risk management is carried out by the directors of the corporate trustee in close collaboration with the investment managers, under policies stipulated in the trust deed. The trustees and investment managers identify, evaluate and hedge financial risks.

a) **Market risk**

- *Interest rate risk*

During the period 31 December 2023, if interest rates at that date had been 100 basis point higher with all other variables held constant, gain for the year would have been Shs. 150,276,237 (2022: Shs. 122,892,163) higher arising mainly as a result of increase in the plan investments.

b) **Credit risk**

Credit risk arises from contributions receivable.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

In assessing whether the credit risk on a financial asset has increased significantly, the scheme compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the scheme considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the sponsor is in breach of contractual obligations, or if information is available internally or externally that suggests that the sponsor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the trustees do not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the scheme groups financial assets on the basis of shared credit risk characteristics, such as:
- type of instrument; and
- industry in which the sponsor operates.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:
- significant financial difficulty of the sponsor
- a breach of contract
- it is probable that the sponsor will enter bankruptcy

11. **Risk management objectives and policies**

Financial risk management continued)

b) **Credit risk (continued)**

The gross carrying amount of financial assets with exposure to credit risk at the statement of net assets available for benefits date was as follows:

	2023 Shs	2022 Shs
Contributions receivable	118,349,928	101,210,012
Loss allowance	-	-
Exposure to credit risk	118,349,928	101,210,012

c) **Liquidity risk**

Liquidity risk is the risk that the scheme will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The scheme is not exposed to liquidity risk as it maintains adequate amounts of cash and cash equivalents to pay off liabilities as they fall due.

Note 9 disclose the maturity analysis of payables.

The undiscounted maturity analysis of payables is not materially different from the disclosure on Note 9.

12. **Fund management**

The scheme's objectives when managing funds are:

- to comply with the (Umbrella Retirement Benefits Schemes) Regulations, 2017 made under Retirement Benefits Act, 1997.
- to safeguard the scheme' 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 scheme's trustees to invest members' funds using prudent investment policies that shall get the members better market rates on their investments. This requirement has been complied with.

The scheme sets the amount of fund in proportion to risk. The scheme 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' balances and reserve funds. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

13. **Related party transactions and balances**

The following transactions were carried out with related parties:

	2023 Shs	2022 Shs
Sponsor contributions	1,297,806,163	1,098,531,761

NOTES (CONTINUED)

14. **Registration**

The scheme is registered in Kenya under the Trustees (Perpetual Succession Act Cap. 164) and the Retirement Benefits Authority.

15. **Presentation currency**

The financial statements are presented in Kenya Shillings (Shs.).