POSTAL CORPORATION OF KENYA

STAFF RETIREMENT BENEFITS SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2019

MAZARS

Contents

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Scheme information
For the year ended 30 June 2019

Trustees

The Trustees who served during the year and to the date of this report were:

Trust secretary

Mr. Elijah K. Koskey - Trust secretary

Registered office

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
9th floor, NHIF Building
P. O. Box 46621 – 00800
NAIROBI.

Custodian

Custody Services, KCB Bank Kenya Limited
KCB Towers, 7th floor, Upper Hill
Junction of Kenya road and Hospital road
P. O. Box 30664 - 00100
NAIROBI.

Investment manager

African Alliance Kenya Investment Bank Limited
4th floor, Kenya Re Towers
Upper Hill, Off Ragati road
P. O. Box 27639 - 00506
NAIROBI.

Investment manager

Stanlib Kenya Limited
Liberty House, 1st floor
Mamlaka Road, off Nyerere Road
P. O. Box 30550 - 00100
NAIROBI.

Consulting actuaries

Zamara Actuaries Administrators & Consultants Limited
Landmark Plaza, 10th Floor, Argwings Kodhek Road
P. O. Box 52439 - 00200
NAIROBI.

Legal advisor

Corporation secretary
Postal Corporation of Kenya
P. O. Box 34567 - 00100
NAIROBI

Independent auditor

MAZARS
Certified Public Accountants (K)
3rd Floor, Suite 8, The Green House, Adams Arcade
P. O. Box 61120 – 00200
NAIROBI.
Tel: (+254) 20 3861175/6/9; (+254) 20 2517101/3
Cell phone: (+254) 722 440 270 / 734 440 270
Email: contact@mazars.co.ke
Website: www.mazars.co.ke

Principal banker

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
Chiromo, Level 5, 48 Westlands Road
P. O. Box 40984 - 00100 GPO
NAIROBI.

The Trustees present their report together with the audited financial statements for the year ended 30 June 2019.

1 Establishment, nature and status of the scheme

The scheme was established under an irrevocable trust, and is governed by a Trust Deed dated 1 January 2010 and as subsequently amended with deeds of addendum.

It is a defined contribution scheme and provides, under the rules of the scheme, retirement benefits for the staff of Postal Corporation of Kenya and relief for dependants of deceased members.

The founder and the members contribute to the scheme at the rate of 19.50% (founder - 12.00%, members - 7.50%) of the members pensionable emoluments.

2 Registration

The scheme is registered under the Retirement Benefits Act (Scheme reference number 01268 and certificate number 01835). The Scheme is an exempt approved plan under the Income Tax Act.

3 Membership

	2019	2018
Contributing members	2,752	2,897
Deferred members	338	295
Dormant members	50	81
	3,140	3,273

(a) Contributing members

At start of year	2,897	3,156
Add: Joiners	83	58
Less: Leavers	(332)	(317)
Adjustments	104	-
At end of year	2,752	2,897

(b) Deferred members

At start of year	295	268
Add: Members whose benefits were deferred	17	33
Less: Leavers	(11)	(5)
Adjustment	37	(1)
At end of year	338	295

Deferred members comprise of those members who have left employment service of the founder and have left all or part of their benefit within the scheme.

(c) Dormant members

At start of year	81	96
Add: Additional dormant members in the year	-	-
Less: Dormant members paid in the year	(31)	(15)
At end of year	50	81

4 Financial review

The statement of changes in net assets available for benefits on page 7 shows an increase in the net assets of the scheme for the year of Kshs. 188,448,709 (2018: an increase of Kshs. 733,509,131) and the statement of net assets available for benefits on page 8 shows the scheme's net assets as Kshs. 3,066,329,570 (2018: Kshs. 2,877,880,861).

5 Investment of funds

Under the terms of their appointment, African Alliance Kenya Investment Bank Limited and Stanlib Kenya Limited are responsible for the investment of funds. The overall responsibility for investment and performance lies with the Trustees.

The full investment allocation as at the end of the year was as follows:

	Amount Kshs	Portfolio percentage	RBA limit percentage
Offshore investments	5,699,188	0.34%	15.00%
Cash balances	39,837,822	2.37%	5.00%
Fixed and call deposits	75,176,214	4.48%	30.00%
Corporate bonds	102,002,087	6.08%	30.00%
Local and regional quoted equities	386,223,705	23.01%	70.00%
Kenya government securities	1,069,721,125	63.72%	90.00%
	1,678,660,141		

6 Corporate governance policies

The trustees are in the process of formulating and setting up the policies and procedures on good corporate governance.

7 Auditor

The scheme's auditor, Mazars who were appointed during the year have indicated their willingness to continue in office in accordance with the terms and conditions of the engagement.

For the Trustees

Trust secretary

18th September 2019

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of Trustees' responsibilities
For the year ended 30 June 2019

The Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 requires 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. They are also responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free of material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies and making reasonable estimates that are appropriate in the circumstances. The Trustees are also responsible for safeguarding the assets of the scheme.

The Trustees accept responsibility for the audited annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefit Scheme) 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 which may be relied upon in the preparation of financial statements, as well as for safeguarding the assets of the scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by the Board of Trustees on 18th September 2019 and signed on its behalf by:-

SALIM NDEMO	
Trustee name	**Sign**
SIMON K. GACHARA	
Trustee name	Sign
GEORGE ANDAFI	
Trustee name	**Sign**
Trustee name	**Sign**

MAZARS

Report of the Independent Auditor
To the members of Postal Corporation of Kenya Staff Retirement Benefits Scheme
For the year ended 30 June 2019

Opinion

We have audited the accompanying financial statements of Postal Corporation of Kenya Staff Retirement Benefits Scheme set out on pages 7 to 25, which comprise the statement of net assets available for benefits as at 30 June 2019, the statements of changes in net assets available for benefits and statement of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the state of financial transactions of the scheme during the year ended 30 June 2019 and of the disposition at that date of its assets and liabilities in accordance with the International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw your attention to note 14 of these financial statements showing that the Scheme has contributions receivable from the sponsor amounting to Kshs. 848,236,992 (2018: Kshs. 654,417,504) and interest on unremitted contributions of Kshs. 584,952,379 (2018: Kshs. 533,567,980). These conditions raise substantial doubt about the Scheme's ability to continue paying future benefits to members as when they fall due unless the sponsor commits to remit all outstanding contributions and the interest levied on there on.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees 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 Trustees either intend to liquidate the scheme 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management'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 the 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.

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 independent auditor's report is CPA Alphonse Karungu - Practising Certificate number 856.

MAZARS
Certified Public Accountants (K)
Nairobi.

_____________________ **2019**

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of changes in net assets available for benefits
For the year ended 30 June 2019

	Note	2019 Kshs	2018 Kshs
Contributions and benefits			
Contributions receivable	4	200,642,986	210,011,640
Transfers in	5	73,912	10,673,145
		200,716,898	220,684,785
Less: Payments to and on account of leavers	6	(148,945,834)	(123,226,035)
Net surplus from dealings with members		51,771,064	97,458,750
Return on investments			
Investment income	7	149,897,857	154,958,048
Change in fair value of investments	8	(17,171,819)	40,317,609
Less: Investment management expenses	9	(5,632,484)	(5,824,602)
Net return on investments		127,093,554	189,451,055
Add: Interest on overdue contributions	10	51,384,398	492,971,862
Less: Administrative expenses	11	(33,332,406)	(36,607,646)
Less: Staff costs	12	(8,197,648)	(7,713,593)
Less: Tax expense	12	(270,253)	(2,051,297)
Increase in net assets for the year		188,448,709	733,509,131
Net assets available for benefits at start of the year		2,877,880,861	2,144,371,730
Net assets available for benefits at end of the year		3,066,329,570	2,877,880,861

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of net assets available for benefits
As at 30 June 2019

	Note	2019 Kshs	2018 Kshs
Non-current assets			
Investments	13	1,638,822,319	1,704,972,893
Current assets			
Receivables	14	1,433,342,238	1,191,080,468
Cash and cash equivalents	15	39,837,822	22,069,584
Tax recoverable	12	2,049,748	-
		1,475,229,808	1,213,150,052
Current liabilities			
Unpaid benefits and other payables	16	47,722,557	38,454,787
Tax payable	12	-	1,787,297
		47,722,557	40,242,084
Net current assets		1,427,507,251	1,172,907,968
Total net assets available for benefits		3,066,329,570	2,877,880,861
Financed by			
Members' balances	17	3,066,329,570	2,877,880,861

The financial statements on pages 7 to 25 were approved by the Trustees on 18th September 2019

and signed on their behalf by:

SALIM NDEMO
Trustee name

Sign

SIMON K GACHARA
Trustee name

Sign

GEORGE ANDAFEI
Trustee name

Sign

Trustee name

Sign

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 Kshs	2018 Kshs
Cash flows from operating activities			
Contributions received		6,823,498	13,179,432
Transfers in	5	73,912	10,673,145
Benefits paid		(142,058,665)	(123,591,491)
Administrative expenses paid		(39,590,672)	(39,081,661)
Tax paid	12	(4,107,298)	(373,219)
Net cash used in operating activities		(178,859,225)	(139,193,794)
Cash flows used in investing activities			
Investment income received		156,655,819	128,447,086
Investment management expenses paid		(5,808,832)	(6,910,543)
Purchase of quoted equities	13	(2,566,934)	(132,179,127)
Purchase of treasury bonds	13	(194,185,981)	(638,413,196)
Purchase of treasury bills	13	-	(5,574,060)
Provision for impairment	13	-	12,000,000
Purchase of offshore investments	13	(425,887)	-
Sale of quoted equities	13	74,045,450	117,738,165
Sale of treasury bonds	13	127,945,251	568,148,908
Sale of treasury bills	13	-	84,000,001
Sale of corporate bonds	13	3,575,000	11,769,387
Sale of offshore investments	13	425,887	-
Net cash generated from investing activities		159,659,773	139,026,621
Decrease in cash and cash equivalents		(19,199,452)	(167,173)
Cash and cash equivalents at start of year		134,213,488	134,380,661
Cash and cash equivalents at the end of year	15	115,014,036	134,213,488
Cash and cash equivalents			
Bank balances		39,837,822	22,069,584
Fixed and call deposits maturing within 90 days		75,176,214	112,143,904
Cash and cash equivalents at the end of year	15	115,014,036	134,213,488

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards, the Retirement Benefits Act, 1997 as amended, and with 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 pensions and benefits that fall due after the end of the scheme year.

The financial statements are presented in Kenya Shillings (KShs) and are prepared under the historical cost convention as modified by the carrying of certain investments at fair value.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

1 Summary of significant accounting policies (Continued)

b) New and revised standards

i) Adoption of new and revised International Financial Reporting Standards (IFRSs)

At the date of authorization of these financial statements, various new and revised standards and interpretations became effective. The adoption of the new and revised standards where relevant has had no material effect on the scheme's financial statements.

ii) New and revised standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, various new and revised standards and interpretations became effective. Where applicable to the scheme, the trustees have assessed the potential impact of the new and revised standards and interpretations and expect that they will not have a significant impact on the scheme's financial statements for the year ended 30 June 2019.

iii) Early adoption of standards

The Scheme did not early adopt any new or amended standards in year ende 30 June 2019.

c) Contributions and benefits

Contributions and benefits payable are recognised in the period in which they fall due.

d) Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

e) Dividend income

Dividend income from investments is recognised when the Schemes' rights to receive payment have been established.

f) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Kenya Shillings on rates of exchange ruling at the end of reporting period. Transactions during the year which are expressed in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets.

g) Taxation

The Scheme is a registered pension scheme and is, therefore, exempt from tax on investment income arising from tax exempt contributions. Investment income from taxable contributions is taxed at the prevailing corporate tax rates.

h) Quoted investments

Quoted investments are classified as fair value through profit or loss and are stated at market values as at 30 June 2019.
For financial instruments traded in an organised financial market, fair value is determined by reference to quoted market prices.

1 Summary of significant accounting policies (Continued)

i) Government securities

Government securities comprise treasury bills and treasury bonds, which debt securities are issued by the Government of Kenya.

Treasury bills are classified as held to maturity and are stated at amortised cost while treasury bonds are classified as fair value through profit or loss and are stated at fair value.

j) Corporate bonds

Corporate bonds are classified as fair value through profit or loss and are stated at fair value.

k) Off-shore investments

Offshore investments are translated into Kenya Shillings at the exchange rate ruling on 30 June 2018. These investments are classified as fair value through profit or loss and are stated at market value.

l) Commercial papers

Commercial paper is classified as held to maturity and is stated at face value less unearned discount.

m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, treasury bills maturing within three months from date of acquisition and term deposits.

n) Financial instruments

Financial assets and liabilities are recognised when the scheme becomes a party to the contractual provisions of the instrument.

i) Receivables

Receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently re-measured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realised and unrealised gains and losses are included in the statement of changes in net assets. Interest earned whilst holding held for trading investments is reported as interest income.

1 Summary of significant accounting policies (Continued)

n) Financial instruments (Continued)

iii) Held to maturity investment

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Scheme has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less any allowances for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation and losses arising from impairment of such investments are recognised in the statement of changes in net assets.

iv) Available for sale financial assets

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices are classified as available for sale and are initially recognised at cost. Available for sale investments are subsequently re-measured to fair value, based on quoted bid prices or amount derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using effective interest method, and foreign exchange gains and loss on monetary assets which are recognized in profit or loss. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of changes in net assets.

o) Impairment

At the end of each reporting period, the scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

2 Critical accounting estimates and judgements in applying the accounting policies

In the process of applying the scheme's accounting policies, the trustees have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. These are dealt with

Held to maturity investments

The Scheme follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Scheme evaluates its intention and ability to hold such investments to maturity. If the Scheme fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

2 Critical accounting estimates and judgements in applying the accounting policies (Continued)

Impairment losses on financial assets

At the end of each reporting period, the scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

3 Financial risk management objectives and policies

The Scheme generates revenues for the members by investing in various income generating activities which involve trading in the stock exchange, trading in government and other securities and offshore investments. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the trustees together with the investment managers under policies approved by the trustees. The investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity. The Scheme also follows guidelines issued by the Retirements Benefits Authority in respect of maximum investment in different types of investments.

a) Market risk

i) Foreign exchange risk

The scheme operates mainly within Kenya and its assets and liabilities are reported in the local currency. The scheme also invests internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD dollar. Foreign exchange risk arises from investment in offshore investments.

The scheme's evaluation of currency risk is low because the funds are held for a long term period and any currency losses are expected to be recouped through interest income received and which comprises the value of the fund. The investment manager manages foreign exchange risk by limiting offshore investments to strategic range of 15% of total portfolio.

At 30 June 2019, if the Shilling had weakened / strengthened by 5% against the USD dollar with all other variables held constant, the increase or decrease respectively in net returns on investments would amount to approximately Kshs. 284,959 (2018: 284,325).

ii) Price risk

The Scheme is exposed to equity securities price risk because of investments in quoted shares classified at fair value through profit and loss. The Scheme is also exposed to the risk that the value of debt securities will fluctuate due to changes in market value. To manage its price risk arising from investments in equity and debt securities, the Scheme diversifies its portfolio. For equities, the Scheme has invested in companies in different sectors of the economy, while for debt securities; the Scheme has invested in bonds of varying maturities. Diversification of the portfolio is done in accordance with resolutions passed on investments during quarterly trustees meetings. All quoted shares held by the Scheme are traded on the Nairobi Securities Exchange (NSE).

3 Financial risk management objectives and policies (Continued)

a) Market risk (Continued)

ii) Price risk (Continued)

At 30 June 2019, if the prices of all equity investments had increased / decreased by 5% with all other variables held constant, the increase or decrease in net assets would amount to Kshs. 2,979,505 (2018: Kshs. 2,036,052). Holding all other factors constant, an impact of a 5% increase or decrease in prices of treasury bonds would have increased or decreased net assets by Kshs. 2,116,222 (2018: Kshs. 8,571).

b) Credit risk

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments and deposits with banks. As part of the credit risk management system, the investment manager and the Trustees monitor and review information on significant investment. The Trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record. The credit risk for liquid funds and bank balances is limited because the counter parties are banks with high credit ratings assigned by the regulator. For other investments the Trustees ensure that the issuers of the investments have been assessed so as to reduce the risk of non-recoverability of the amounts invested as well as the interest accrued on the same.

The amount that best represents the Scheme's maximum exposure to credit risk at 30 June 2019 is made up as follows:

	2019 Kshs	2018 Kshs
Government securities	1,069,721,125	956,492,993
Corporate bonds	102,002,087	105,696,476
Fixed and time deposits	75,176,214	112,143,904
Bank balances	39,837,822	22,069,584
	1,286,737,248	1,196,402,957

None of the above financial assets are past due or impaired. There are no collateral held against these assets. There are no concentration risks as the investments are diversified.

c) Liquidity risk

The Scheme is required to make periodic payment in respect of pension payments when members retire from the Scheme, and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Scheme's liquidity on a regular basis and the trustees review it on a quarterly basis.

The undiscounted liabilities payable after year end were:

	2019 Kshs	2018 Kshs
Unpaid benefits and other payables	47,722,557	38,454,787

4 Contributions

	2019 Kshs	2018 Kshs
From sponsor - normal	120,305,499	126,250,587
From sponsor - excess	4,607,651	4,446,176
From members - normal	75,467,236	78,928,077
From members - additional voluntary contribution	262,600	386,800
	200,642,986	210,011,640

5 Transfers in

Amount transferred into the scheme from other schemes	73,912	10,673,145

6 Benefits paid and on account of leavers

Lump sum retirement benefits	145,057,131	113,405,373
Death benefits	3,888,703	8,137,718
Transfers out	-	1,682,944
	148,945,834	123,226,035

7 Investment income

Dividends from quoted equities	18,809,380	21,425,597
Interest on term deposits	4,767,430	4,580,641
Interest on treasury bonds	119,934,477	107,579,518
Interest on corporate bonds	11,412,088	12,731,515
Discount on treasury bills	-	5,574,060
Other income - rebates	128,765	70,734
(Loss) / gain on sale of quoted equities	(5,561,743)	3,587,594
Loss on sale / maturity of treasury bonds	401,806	(551,377)
(Loss) / gain on sale of corporate bonds	(9,030)	(40,234)
Loss on disposal of offshore investments	(69,748)	-
Realised foreign exchange gain	84,432	-
	149,897,857	154,958,048

8 Change in fair value of investments

Fair value (loss) / gain on quoted equities	(59,590,104)	40,721,037
Fair value gain on treasury bonds	42,324,445	171,414
Fair value gain / (loss) on corporate bonds	11,406	(40,573)
Fair value gain / (loss) on offshore investments	82,434	(534,269)
	(17,171,819)	40,317,609

9 Investment management expenses

Management fees	3,796,777	4,014,718
Custody fees	1,835,707	1,809,884
	5,632,484	5,824,602

10 Interest on overdue contributions

	2019 Kshs	2018 Kshs
Interest from sponsor on unremitted contributions	51,384,398	492,971,862

In the year ended 30 June 2019, the trustees changed interest computation from 3% compounded monthly in the year ended 30 June 2018 to simple interest method using the 91 days treasury bills rate.

11 Administrative expenses

	2019 Kshs	2018 Kshs
Trustee expenses	7,160,048	5,827,431
Audit fees	451,833	1,213,505
RBA levy	3,819,378	3,631,513
Office rent and service charge	1,917,019	1,910,405
Insurance costs	638,505	411,057
Members education programme expenses	1,338,681	1,043,587
Training expenses	5,256,041	3,426,131
Subscriptions and journals	1,352,741	1,123,628
Amortisation of intangible assets	2,076,004	79,680
Printing and stationery	336,984	257,181
Motor vehicle expenses	240,244	155,773
Repairs and maintenance	155,310	103,891
Travel costs	263,203	207,138
Bank charges	73,145	71,042
Tax expense	-	70,884
Actuarial fees	2,436,000	-
Legal fees	2,337,404	4,020,689
Advertising costs	462,940	127,447
Depreciation	622,577	624,442
Office expenses	295,399	302,222
Impairment of financial assets	2,098,950	12,000,000
	33,332,406	36,607,646

12 Staff costs

	2019 Kshs	2018 Kshs
Salaries and wages	6,719,133	6,713,120
Staff medical scheme	205,357	180,297
Pension contributions	283,237	288,143
Other staff costs	989,921	532,033
	8,197,648	7,713,593

12 Tax status of the scheme

Postal Corporation of Kenya Staff Retirement Benefits Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income relating to the tax exempt contributions. Income relating to the non-tax exempt contributions is subjected to corporation tax at the prevailing tax rates as follows:

	2019 Kshs	2018 Kshs
Investment income less expenses - unregistered scheme	900,843	6,837,657
Tax chargeable at 30% (2018: 30%)	270,253	2,051,297
Statement of net assets		
At 1st January	1,787,297	109,219
Charge for the year	270,253	2,051,297
Payment in the year	(4,107,298)	(373,219)
Tax (recoverable) / payable	(2,049,748)	1,787,297

Investments

	Value as at 1st July Kshs	Additions at cost Kshs	Disposals proceeds Kshs	Gain / (loss) on disposal Kshs	Accrued interest adjustment Kshs	Impairment loss Kshs	Fair value / forex change Kshs	Value as at 30 June Kshs
Year ended 30 June 2019								
Quoted equities	524,953,018	2,566,934	(74,045,450)	(5,561,743)	-	(2,098,950)	(59,590,104)	386,223,705
Treasury bonds	956,492,993	194,185,981	(127,945,251)	401,806	4,261,151	-	42,324,445	1,069,721,125
Corporate bonds	105,696,476	-	(3,575,000)	(9,030)	(121,765)	-	11,406	102,002,087
Offshore investments	5,686,502	425,887	(425,887)	(69,748)	-	-	82,434	5,699,188
	1,592,828,989	197,178,802	(205,991,588)	(5,238,715)	4,139,386	(2,098,950)	(17,171,819)	1,563,646,105
Fixed and call deposits	112,143,904	541,636,096	(579,136,096)	-	447,878	-	84,432	75,176,214
	1,704,972,893	738,814,898	(785,127,684)	(5,238,715)	4,587,264	(2,098,950)	(17,087,387)	1,638,822,319
Year ended 30 June 2018								
Quoted equities	466,203,425	132,179,127	(117,738,165)	3,587,594	-	-	40,721,037	524,953,018
Treasury bonds	886,608,668	638,413,196	(568,148,908)	(551,377)	-	-	171,414	956,492,993
Treasury bills	78,425,941	5,574,060	(84,000,001)	-	-	-	-	-
Corporate bonds	129,546,670	-	(11,769,387)	(40,234)	-	(12,000,000)	(40,573)	105,696,476
Offshore investments	5,824,392	396,379	-	-	-	-	(534,269)	5,686,502
	1,566,609,096	776,562,762	(781,656,461)	2,995,983	-	(12,000,000)	40,317,609	1,592,828,989
Fixed and call deposits	97,250,371	444,800,000	(429,500,000)	-	(406,467)	-	-	112,143,904
	1,663,859,467	1,221,362,762	(1,211,156,461)	2,995,983	(406,467)	(12,000,000)	40,317,609	1,704,972,893

13 Investments (Continued)

The following table analyses investments other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period at 30 June 2019 to the contractual maturity date:

	Up to 1 year Kshs	1 to 2 years Kshs	Over 2 years Kshs	Total Kshs
Treasury bonds	46,349,415	84,337,933	939,033,777	1,069,721,125
Corporate bonds	67,590,398	19,093,045	15,318,644	102,002,087
Fixed and call deposits	75,176,214	-	-	75,176,214

The following table summarises the weighted average effective interest rates at the year-end on the main interest bearing investments:

	2019 %	2018 %
Treasury bonds	12.13%	12.04%
Corporate bonds	12.71%	11.04%
Fixed and call deposits	6.72%	7.33%

14 Contributions due and other receivables

	2019 Kshs	2018 Kshs
Contributions due for upto 30days	16,189,800	17,286,815
Contributions due for more than 30days	832,047,192	637,130,689
Interest on overdue contributions	584,952,379	533,567,980
	1,433,189,371	1,187,985,484
Investment income receivable	152,867	2,959,651
Prepayments	-	135,333
	1,433,342,238	1,191,080,468

15 Cash and bank balances

	2019 Kshs	2018 Kshs
Cash at hand	100,000	100,000
Custodial account	10,138,405	12,758,462
Trustees disbursement account	29,599,417	9,211,122
	39,837,822	22,069,584

For purposes of cash flow statement, cash and cash equivalents comprise of the following:

	2019 Kshs	2018 Kshs
Bank balances	39,837,822	22,069,584
Fixed and call deposits maturing within 90 days	75,176,214	112,143,904
	115,014,036	134,213,488

16 Unpaid benefits and other payables

	2019 Kshs	2018 Kshs
Unpaid benefits	24,349,371	17,462,202
Audit fees payable	629,557	1,338,227
Fund management fees payable	922,038	954,503
Inter-fund balances	17,846,690	14,395,209
Custody fees payable	153,524	297,407
RBA levy payable	3,819,377	3,631,512
Sundry creditors	2,000	375,727
	47,722,557	38,454,787

17 Members balances

At 1st July	2,877,880,861	2,144,371,730
Contributions for the year	200,642,986	210,011,640
Transfers in	73,912	10,673,145
Investment income	149,897,857	154,958,048
Fair value gain on investments	(17,171,819)	40,317,609
Withdrawals for the year	(148,945,834)	(123,226,035)
Investment management expenses	(5,632,484)	(5,824,602)
Interest on overdue contributions	51,384,398	492,971,862
Administration expenses	(33,332,406)	(36,607,646)
Staff costs	(8,197,648)	(7,713,593)
Taxation	(270,253)	(2,051,297)
At 30th June	3,066,329,570	2,877,880,861

18 Contingent liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 30 June 2019.

19 Related party transactions

Related parties comprise of the Trustees, the administrator and Postal Corporation of Kenya (the sponsor). Except for the contributions receivable and payment of fees and allowances, there were no other transactions carried out with related parties during the year.

20 Comparatives

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

x1 - Treasury bonds

	Historical cost 1-Jul-2018 Kshs	Nominal value 1-Jul-2018 Kshs	Accrued interest 1-Jul-2018 Kshs	Clean price value 1-Jul-2018 Kshs	Dirty / full mkt value 1-Jul-2018 Kshs	Purchases cost Kshs	Purchases nominal Kshs	Disposal proceeds Kshs	Disposal nominal Kshs	Realised gain / (loss) on disposal Kshs	Clean price per 100 30-Jun-2019 Kshs	Accrued interest per 100 30-Jun-2019 Kshs	Dirty / full price per 100 30-Jun-2019 Kshs	Unrealised mkt gain / (loss) 30-Jun-2019 Kshs	Clean price value 30-Jun-2019 Kshs	Accrued interest 30-Jun-2019 Kshs	Dirty / full mkt value 30-Jun-2019 Kshs	Historical cost 30-Jun-2019 Kshs	Nominal value 30-Jun-2019 Kshs
19/2Yr	-	-	-	-	-	7,020,980	7,000,000	-	-	-	102.5481	4.4979	107.0460	157,387	7,178,367	314,856	7,493,223	7,020,980	7,000,000
16/2Yr	15,611,700	15,000,000	61,858	15,201,199	15,263,057	-	-	(15,000,000)	(15,000,000)	(201,199)				-	-	-	-	-	-
15/5Yr	33,282,805	33,850,000	427,180	35,539,782	35,966,961	-	-	(14,836,078)	(13,853,000)	264,891	106.4932	1.3002	107.7934	300,242	21,298,636	260,044	21,558,680	18,664,877	20,000,000
15/5Yr	12,502,712	12,500,000	22,653	12,904,237	12,926,890	-	-	-	-	-	104.1231	0.2173	104.3405	111,143	13,015,387	27,163	13,042,570	12,502,712	12,500,000
16/5Yr	24,670,450	24,900,000	656,056	26,071,966	26,728,021	-	-	-	-	-	108.1418	2.7172	110.8589	422,774	26,494,730	665,704	27,160,443	24,670,450	24,500,000
16/5Yr	14,005,100	14,000,000	860,373	14,857,710	15,718,084	-	-	-	-	-	108.0678	6.1842	114.2519	371,751	15,129,463	865,785	15,995,248	14,005,100	14,000,000
16/5Yr	18,835,027	18,500,000	659,750	19,200,969	19,860,719	9,019,784	9,000,000	-	-	-	106.3961	3.4941	109.8893	607,968	29,258,861	960,986	30,219,847	27,854,811	27,500,000
17/5Yr	95,381,958	89,400,000	3,706,208	91,370,553	95,176,761	-	-	-	-	-	106.3620	4.2806	110.6444	3,709,753	95,089,311	3,826,823	98,916,134	95,381,958	89,400,000
17/5Yr	10,046,600	10,000,000	233,834	10,241,190	10,475,024	-	-	-	-	-	106.8169	2.3727	108.9896	420,591	10,681,691	237,273	10,898,964	10,046,600	10,000,000
19/5Yr	-	-	-	-	-	5,000,000	5,000,000	-	-	-	103.1651	3.6819	107.0670	159,257	5,158,257	184,093	5,353,350	5,000,000	5,000,000
19/5Yr	-	-	-	-	-	31,963,480	32,000,000	-	-	-	101.5585	1.4337	102.9921	545,271	32,498,711	458,775	32,957,485	-	32,000,000
13/5Yr	23,492,290	23,500,000	906,851	23,748,919	24,655,269	-	-	(23,500,000)	(23,500,000)	(248,919)				-	-	-	-	-	-
14/5Yr	14,423,115	15,000,000	304,599	15,082,900	15,387,498	-	-	(15,000,000)	(15,000,000)	(82,900)				-	-	-	-	-	-
14/5Yr	10,140,990	9,900,000	38,949	10,030,026	10,068,975	-	-	(9,900,000)	(9,900,000)	(130,026)				-	-	-	-	-	-
18/5Yr	20,000,000	20,000,000	648,736	20,309,681	20,958,420	-	-	-	-	-	106.3672	3.3278	109.6947	563,763	21,263,446	665,496	21,908,942	20,000,000	20,000,000
18/10Yr	-	-	-	-	-	59,981,500	59,000,000	-	-	-	106.0022	4.3866	110.3887	2,019,618	63,001,116	2,178,226	65,179,345	59,981,500	59,000,000
18/10Yr	-	-	-	-	-	20,000,000	20,000,000	-	-	-	104.5631	0.4465	105.0096	912,629	20,912,629	89,300	21,001,929	20,000,000	20,000,000
17/10Yr	28,224,975	28,000,000	1,516,028	28,627,448	30,143,472	-	-	-	-	-	108.7668	5.4800	114.2068	1,024,468	30,451,016	1,525,998	31,977,014	28,224,975	28,000,000
19/10Yr	-	-	-	-	-	9,438,787	9,300,000	-	-	-	103.8022	4.2713	108.1735	226,114	9,662,901	397,230	10,060,131	9,438,787	9,300,000
19/10Yr	-	-	-	-	-	18,000,000	18,000,000	-	-	-	103.1668	2.5681	105.8749	559,218	18,559,218	462,264	19,021,482	18,000,000	18,000,000
08/10Yr	1,485,607	1,300,000	39,545	1,307,958	1,347,502	-	-	(1,300,000)	(1,300,000)	(7,958)				-	-	-	-	-	-
09/10Yr	20,629,737	20,300,000	440,630	20,367,050	20,816,689	-	-	(20,300,000)	(20,300,000)	(67,050)				-	-	-	-	-	-
10/10Yr	25,547,341	32,400,000	590,805	31,134,788	31,721,585	-	-	-	-	-	100.9635	1.8353	102.7988	1,077,428	32,712,215	594,629	33,306,844	25,547,341	32,400,000
10/10Yr	26,988,792	30,000,000	521,601	26,717,862	29,239,463	-	-	(2,640,058)	(2,500,000)	146,902	100.5106	1.7642	102.2749	1,315,716	27,640,422	485,166	28,125,587	24,737,865	27,500,000
12/10Yr	41,740,674	43,050,000	180,313	44,319,722	44,500,036	-	-	-	-	-	106.8279	0.4536	107.2807	1,609,298	45,998,020	195,339	46,184,359	41,748,674	43,050,000
13/10Yr	8,673,275	8,700,000	14,784	8,818,125	8,832,909	-	-	-	-	-	106.6748	0.2039	106.8787	462,584	9,280,709	17,741	9,298,450	8,673,275	8,700,000
14/10Yr	11,184,235	11,500,000	611,844	11,530,263	12,142,107	-	-	-	-	-	106.7464	5.3538	112.1002	745,572	12,275,836	615,692	12,891,528	11,184,235	11,500,000
08/12Yr	1,303,695	1,000,000	53,077	1,007,155	1,060,231	-	-	(1,000,000)	(1,000,000)	(7,155)				-	-	-	-	-	-
08/15Yr	18,443,400	20,000,000	229,368	19,474,170	19,703,538	-	-	-	-	-	102.9381	1.1816	104.1197	1,113,459	20,587,629	236,319	20,823,948	18,443,400	20,000,000
18/15Yr	-	-	-	-	-	15,087,300	15,000,000	(15,569,115)	(15,000,000)	481,815	103.6242	2.4169	106.0411	-	-	-	-	-	-
07/15Yr	49,879,915	46,000,000	324,148	48,477,092	48,801,840	-	-	-	-	-	106.7679	0.7418	108.5266	1,554,727	50,042,418	341,208	50,383,626	48,879,915	46,000,000
07/15Yr	75,983,435	75,000,000	1,210,508	76,781,346	77,991,858	-	-	-	-	-	106.6197	1.6484	108.2680	3,183,413	79,964,759	1,236,264	81,201,023	75,983,435	75,000,000
08/15Yr	10,277,300	10,000,000	353,788	10,243,306	10,597,104	-	-	-	-	-	106.8645	3.5714	110.4360	443,059	10,686,454	357,143	11,043,597	10,277,300	10,000,000
09/15Yr	72,780,225	70,000,000	1,802,885	70,819,278	72,622,162	-	-	-	-	-	107.8554	2.6099	110.4653	4,679,502	75,498,780	1,826,923	77,325,703	72,780,226	70,000,000
10/15Yr	13,779,585	15,000,000	435,082	13,325,875	14,060,937	-	-	-	-	-	98.5889	2.9286	101.5266	1,164,110	14,788,986	439,286	15,228,272	13,779,585	15,000,000
18/15Yr	-	-	-	-	-	3,052,040	3,000,000	-	-	-	102.5369	5.4042	108.3411	56,068	3,088,108	162,125	3,250,233	3,032,040	3,000,000
12/15Yr	3,762,924	4,200,000	130,731	3,948,202	4,078,933	-	-	-	-	-	98.2655	3.1429	101.4083	278,048	4,127,150	132,000	4,259,150	3,762,924	4,200,000
13/15Yr	14,757,592	17,000,000	688,290	15,748,678	16,436,968	-	-	-	-	-	98.9184	4.0797	102.9981	1,067,112	16,815,790	693,544	17,509,334	14,757,592	17,000,000
13/15Yr	14,688,342	16,600,000	372,132	16,045,225	16,417,357	-	-	-	-	-	102.6850	2.2747	104.9597	1,000,488	17,045,713	377,604	17,423,317	14,688,342	16,600,000
19/20Yr	-	-	-	-	-	10,000,000	10,000,000	-	-	-	102.0179	2.6878	104.7057	201,793	10,201,793	268,777	10,470,570	-	10,000,000
18/20Yr	19,811,400	20,000,000	80,860	21,284,656	21,365,314	-	-	-	-	-	104.6724	3.8176	108.4900	(279,165)	20,934,400	703,516	21,098,606	19,811,400	20,000,000
15/9Yr	8,370,000	10,000,000	57,420	9,421,380	9,478,800	-	-	-	-	-	102.4794	0.6044	103.0838	826,560	10,247,940	60,440	10,308,380	8,370,000	10,000,000
16/15Yr	27,978,852	28,000,000	627,704	28,092,876	28,720,580	-	-	-	-	-	104.6726	2.2747	106.9473	1,215,462	29,308,328	636,916	29,945,244	27,978,662	28,000,000
17/12Yr	4,751,500	5,000,000	212,910	5,173,386	5,386,296	-	-	-	-	-	107.4589	4.2926	111.7515	159,560	5,372,945	214,630	5,587,575	4,751,500	5,000,000
17/7Yr	20,221,800	20,000,000	226,640	20,738,040	20,964,680	-	-	-	-	-	103.2258	1.1676	104.3934	907,120	21,645,160	233,520	21,878,680	20,221,800	20,000,000
11/12Yr	9,296,056	9,400,000	297,491	9,499,367	9,796,859	-	-	-	-	-	102.6467	3.1978	105.8445	149,422	9,648,790	300,593	9,949,383	9,298,059	9,400,000
13/12Yr	17,759,348	18,700,000	542,566	18,262,701	18,805,268	-	-	-	-	-	102.7223	2.9313	105.6536	946,370	19,209,070	548,153	19,757,223	17,759,348	18,700,000
14/12Yr	38,301,413	35,500,000	729,489	34,705,972	35,435,461	-	-	(9,000,300)	(9,000,000)	201,303	103.0030	2.0852	105.0882	1,388,821	27,295,795	552,578	27,848,373	27,098,238	26,500,000
16/12Yr	24,933,547	26,000,000	754,266	26,324,806	26,979,092	-	-	-	-	-	102.4477	2.9313	105.4190	1,321,986	26,646,802	762,138	27,408,940	24,633,547	26,000,000
18/20Yr	-	-	-	-	-	14,824,150	15,000,000	-	-	-	103.1408	1.3460	104.4868	646,970	15,471,120	201,900	15,673,020	14,824,150	15,000,000
18/15Yr	15,995,040	16,000,000	635,168	16,876,160	17,511,328	-	-	-	-	-	108.4687	5.2641	113.7328	977,582	17,353,712	840,668	18,194,380	15,995,040	16,000,000
	919,970,156	934,400,000	21,993,566	934,599,403	956,492,993	194,155,981	193,300,000	(137,945,251)	(126,350,010)	481,806				42,324,441	1,043,866,384	26,164,781	1,069,721,125	945,518,274	991,750,000

dix I - Corporate bonds

	Historical cost 1-Jul-2018 Kshs	Nominal value 1-Jul-2018 Kshs	Accrued interest 1-Jul-2018 Kshs	Clean price value 1-Jul-2018 Kshs	Dirty / mkt value 1-Jul-2018 Kshs	Purchases cost Kshs	Purchases nominal Kshs	Disposal proceeds Kshs	Disposals nominal Kshs	Realised gain / (loss) on disposal Kshs
stad Bank Bond	2,400,000	2,400,000	116,206	2,400,000	2,516,206	-	-	(1,200,000)	(1,200,000)	-
ted medium term note (12.75%)	19,000,000	19,000,000	53,081	19,000,000	19,053,081	-	-	-	-	-
BOND (Senior unsecured equity linked notes)	8,948,400	8,948,400	60,922	8,948,400	9,009,322	-	-	-	-	-
- Medium term note (12.50%)	12,900,000	12,900,000	510,132	12,900,000	13,410,132	-	-	-	-	-
rance - Medium term note (13.00%)	19,700,000	19,700,000	678,891	19,700,000	20,378,891	-	-	-	-	-
dings - Medium term note (13.00%)	12,500,000	12,500,000	706,240	12,500,000	13,206,240	-	-	-	-	-
Fixed Rate Bond (12.50%)	15,200,000	15,200,000	127,229	15,200,000	15,327,229	-	-	-	-	-
Bond - FXB /2009/10Yr (12.85%)	3,861,112	3,562,500	74,421	3,576,045	3,650,465	-	-	(2,375,000)	(2,375,000)	(9,030)
fixed medium term note (12.25%)	8,800,000	8,800,000	314,901	8,800,000	9,114,901	-	-	-	-	-
ank - Fixed medium term note	12,000,000	12,000,000	-	12,000,000	12,000,000	-	-	-	-	-
nt loss - Chase bank bond	(12,000,000)	(12,000,000)	-	(12,000,000)	(12,000,000)	-	-	-	-	-
	103,309,413	103,910,900	2,672,032	103,034,445	105,696,476	-	-	(3,575,000)	(3,575,000)	(9,030)

	Clean price per 100	Accrued interest per 100	Dirty / full price per 100	Unrealised mkt gain / (loss) Kshs	Clean price value Kshs	Accrued interest 30-Jun-2019 Kshs	Dirty / mkt value 30-Jun-2019 Kshs	Historical cost 1-Jul-2019 Kshs	Nominal value 1-Jul-2019 Kshs
stad Bank Bond	100.0000	-	-	-	1,200,000	70,894	1,270,894	1,200,000	1,200,000
ted medium term note (12.75%)	100.0000	-	-	-	19,000,000	93,046	19,093,046	19,000,000	19,000,000
BOND (Senior unsecured equity linked notes)	100.0000	-	-	-	8,948,400	65,642	9,014,042	8,948,400	8,948,400
- Medium term note (12.50%)	100.0000	-	-	-	12,900,000	516,679	13,416,679	12,900,000	12,900,000
rance - Medium term note (13.00%)	100.0000	-	-	-	19,700,000	625,321	20,325,321	19,700,000	19,700,000
dings - Medium term note (13.00%)	100.0000	-	-	-	12,500,000	710,614	13,210,614	12,500,000	12,500,000
Fixed Rate Bond (12.50%)	100.0000	-	-	-	15,200,000	116,643	15,316,643	15,200,000	15,200,000
Bond - FXB /2009/10Yr (12.85%)	101.3407	1.7409	103.1215	11,406	1,203,421	21,147	1,224,568	1,287,937	1,187,500
fixed medium term note (12.25%)	100.0000	-	-	-	8,800,000	328,290	9,128,290	8,800,000	8,800,000
ank - Fixed medium term note	100.0000	-	-	-	12,000,000	-	12,000,000	12,000,000	12,000,000
nt loss - Chase bank bond	100.0000	-	-	-	(12,000,000)	-	(12,000,000)	(12,000,000)	(12,000,000)
				11,406	90,451,821	2,550,266	102,002,087	99,535,437	99,435,900

idix IV - Offshare investments

	Historical cost Kshs	Number of shares 1-Jul-2018 units	Number of shares Additions units	No. of shares (Disposals) / (impairment) units	Number of shares 30-Jun-2019 units	Mkt value 1-Jul-2018 Kshs	Purchases at cost Kshs	Disposal proceeds Kshs	Realised gain / (loss) on disposal Kshs	Unrealised market gain / (loss) Kshs	Market price 30-Jun-2019 Kshs	Market Value at 30-Jun-2019 Kshs	Historical Cost 30-Jun-2019 Kshs
mann Rech US Dollar Fund	2,709,015	23,735	-	-	23,735	2,398,453	-	-	-	30,615	102	2,429,068	2,709,015
mann Rech Global Managed Fund	2,716,277	27,788	-	-	27,788	2,792,414	-	-	-	18,036	101	2,810,450	2,716,277
mann Rech Global Equity Multi Manager Fund	480,539	4,916	-	(4,916)	-	495,635	-	(425,887)	(69,748)	-	-	-	-
mann Rech Global Equity Multi Strategy Fund	-	-	4,484	-	4,484	-	425,887	-	-	33,782	103	459,670	425,887
	5,906,831					5,686,502	425,887	(425,887)	(69,748)	82,434	306	5,699,188	5,851,179