

POSTAL CORPORATION OF KENYA
STAFF RETIREMENT BENEFITS SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Annual report and financial statements
For the year ended 30 June 2020

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**Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Scheme information
For the year ended 30 June 2020**

Trustees

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

Mr. George Andati		
Mr. Simon Kabuge Gachara	-	Re-elected on 14 July 2020
Mr. John Kipyegon Tonui	-	Re-appointed on 3 March 2020
Ms. Freda Nyambura Gachie	-	Appointed on 3 March 2020
Mr. Philemon Kiplangat Munai	-	Appointed on 14 July 2020
Ms. Jenipher Adhiambo Oywer	-	Appointed on 3 March 2020
Hon. Ibrahim Mohamed Salat	-	Retired on 27 July 2019
Dr. Salim Peter Ndemo	-	Retired on 19 November 2019
Mr. Christopher Cheronu	-	Retired on 2 February 2020

Trust secretary

Mr. Elijah K. Koskey	-	Trust secretary
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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.

Postal Corporation of Kenya
 Staff Retirement Benefits Scheme
 Corporate governance statement
 For the year ended 30 June 2020

1 Trustees in office

During the financial year under review the following Trustees served in the Board of Postal Corporation of Kenya Staff Retirement Benefits Scheme.

Name of Trustee	Age	Category (member elected, sponsor nominated or professional)	Number of BOT meetings attended	Certified (Yes / No)	Highest qualification	Membership of other boards
Ms. Freda Gachie	50	Sponsor nominated	Nil	No	Bachelors (Commerce)	None
Mr. George Andati	45	Member elected	2	Yes	MBA	None
Ms. Jenipher Oywer	58	Sponsor nominated	Nil	No	Bachelors (Nursing)	None
Mr. John Tonui	52	Sponsor nominated	Nil	Yes	MBA	Yes
Mr. Philemon Munai	37	Member elected	Nil	No	BBA (Accounting)	None
Mr. Simon Gachara	59	Member elected	2	Yes	Diploma (Bus Admin)	Yes
Dr. Salim Ndemo	68	Retired in the year	2	Yes	PhD	Yes
Hon. Ibrahim Salat	60	Retired in the year	1	Yes	Bachelors degree	Yes
Mr. Christopher Cherono	52	Retired in the year	2	Yes	Diploma	None

2 Board meetings

The Board of Trustees held two (2) meetings during the year ending 30th June 2020. The meetings were held on the dates set out hereunder:

Date of meeting	Board members present
Wednesday, August 14, 2019	Dr. Salim Ndemo Hon. Ibrahim Salat Mr. George Andati Mr. Simon Gachara Mr. Christopher Cherono
Thursday, November 14, 2019	Dr. Salim Ndemo Mr. George Andati Mr. Simon Gachara Mr. Christopher Cherono

3 Composition of the Board of Trustees

Gender mix	Female:	33.33%
	Male:	66.67%
Skills mix	Financial skills:	2
Age mix	Below 35 years of age:	None
	Above 35 years of age:	All

4 Committees of the Board of Trustees

The Board of Trustees has formed three committees to help it deliver its duties effectively. The committees are constituted as follows:

Finance and investments committee

The committee held six meetings during the year ended 30 June 2020. The Board members who constitute this committee are:

<i>Membership of the committee</i>	<i>Number of meetings attended</i>
Mr. George Andati	Six
Mr. Simon Gachara (switched to audit & risk)	Five
Ms. Freda Gachie	One
Mr. John Tonui	One

Audit and risk committee

The committee held three meetings during the year under review. The Board members who constitute this committee are:

<i>Membership of the committee</i>	<i>Number of meetings attended</i>
Mr. Christopher Cherono (retired during the year)	Two
Mr. John Tonui	One
Dr. Salim Ndemo (retired during the year)	Two
Ms. Jennipher Oywer (appointed during the year)	One
Mr. Simon Gachara (switched from finance & investments)	One
Mr. Philemon Munai (appointed during the year)	Nil

Administration and communication committee

The committee did not hold any meeting during the year under review. The Board members who constitute this committee are:

<i>Administration and communication committee</i>	<i>Number of meetings attended</i>
Mr. Simon Gachara	Two
Christopher Cherono	Two

5 Fiduciary responsibility of the Board of Trustees

The Board of Trustees is the governing body of the Postal Corporation of Kenya Staff Retirement Benefits Scheme and is responsible for the corporate governance of the Scheme. The Trustees are responsible for ensuring that the administration of the Scheme is conducted in the best interest of the Scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

- a) Acting honestly and did not improperly use inside information or abuse their position;
- b) Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and
- c) Performing their duties with the requisite degree of skills.

The Scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the Scheme's business operations.

The Trustees have ensured that the fund manager has carried out all Scheme investments and that all Scheme assets and funds are held by the custodian.

6 Responsibility as a corporate citizenship

The scheme has participated in socially responsible investment and operations and has not been involved in any activity that may undermine the well-being of the sponsor, members or the community in which it operates.

7 Key outcomes

The Board of Trustees seeks to achieve the following:

- a) Building trust with the members and sponsor of the Scheme so that they are satisfied with the administration of the Scheme;
- b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- c) Ensuring that the Scheme's administrative processes remain transparent and accessible to members and the sponsor.

The Board of Trustees has also been sending quarterly reports to the sponsor detailing the activities that have taken place in each quarter.

8 Annual General Meeting

The Board of Trustees held the 2019 Annual General Meeting (AGM) in 40 stations spread across the country from 28th October 2019 to 8th November 2019. 1,063 members attended the AGMs making up 33% of the Scheme members. The meetings were used as forums to communicate all Scheme activities in the financial year and also to sensitize members on the various channels available in getting information and also raising their complaints.

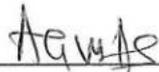
9 Trustees remuneration policy

During the year under review, the Trustees were paid a gross sum of Kshs. 1,515,112 as Trustees allowances. The payment complied with the Trustee Remuneration Policy of the Scheme as consented to by the sponsor on advice of the Scheme Actuary, and was approved by members at the Annual General Meeting held on the 28th October 2019 to 8th November 2019 in 40 stations.

The Board and individual Trustees undertook Board evaluation in the year under review. The Board review process is facilitated externally and the process takes the form of e-board questionnaire.

Approved by the Board of Trustees on 28-09- 2020 and signed on its behalf by:-

MR. GEORGE ANDATI
Trustee name


Sign

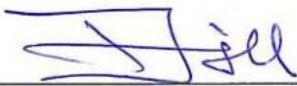
MRS FREDA GACHIE
Trustee name


Sign

MRS JENNIPHER OYWER
Trustee name


Sign

MR. JOHN TONU
Trustee name


Sign

MR. SIMON GACHARA
Trustee name


Sign

MR. PHILEMON MUNAI
Trustee name


Sign

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Report of the Trustees
For the year ended 30 June 2020

The Trustees present their report together with the audited financial statements for the year ended 30 June 2020.

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

	2020	2019
Contributing members	2,502	2,752
Deferred members	369	338
Dormant members	50	50
	<u>2,921</u>	<u>3,140</u>

(a) Contributing members

At start of year	2,752	2,897
Add: Joiners	21	83
Less: Leavers	(271)	(332)
Adjustments	-	104
At end of year	<u>2,502</u>	<u>2,752</u>

(b) Deferred members

At start of year	338	295
Add: Members whose benefits were deferred	42	17
Less: Leavers	(3)	(11)
Adjustment	(8)	37
At end of year	<u>369</u>	<u>338</u>

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

	2020	2019
At start of year	50	81
Add: Additional dormant members in the year	-	-
Less: Dormant members paid in the year	-	(31)
At end of year	<u>50</u>	<u>50</u>

Postal Corporation of Kenya
 Staff Retirement Benefits Scheme
 Report of the Trustees (Continued)
 For the year ended 30 June 2020

4 Financial review

The statement of changes in net assets available for benefits on page 11 shows an increase in the net assets of the scheme for the year of Kshs. 737,377,769 (2019: an increase of Kshs. 188,448,709) and the statement of net assets available for benefits on page 12 shows the scheme's net assets as Kshs. 3,803,707,339 (2019: Kshs. 3,066,329,570).

5 Investment of funds

Under the terms of their appointment, African Alliance Kenya Investment Bank Limited and ICEA Lion Investment Managers 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
Cash balances	9,968,413	0.59%	5.00%
Corporate bonds	19,284,693	1.15%	30.00%
Fixed and call deposits	157,653,814	9.39%	30.00%
Local and regional quoted equities	355,351,804	21.16%	70.00%
Kenya government securities	1,136,914,660	67.71%	90.00%
	<u>1,679,173,384</u>		

6 Auditor

The Scheme's auditor, Mazars have indicated their willingness to continue in office in accordance with the terms and conditions of the engagement.

For the Trustees

ELIJAH K. KOSKEY
 Trust secretary, name


 Sign

28-09- 2020

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of Trustees' responsibilities
For the year ended 30 June 2020

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.

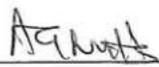
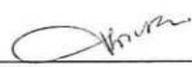
The Trustees accept responsibility for the audited annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Retirement Benefits (Occupational 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 28-09- 2020 and signed on its behalf by:-

<u>MR. GEORGE ANSARI</u> Trustee name	<u></u> Sign
<u>MRS. FREDA GACHIE</u> Trustee name	<u></u> Sign
<u>MRS. JENIPHER OYNER.</u> Trustee name	<u></u> Sign
<u>MR. JOHN TONUI</u> Trustee name	<u></u> Sign
<u>MR. SIMON GACHARA</u> Trustee name	<u></u> Sign
<u>MR. PHILEMON MUNAI</u> Trustee name	<u></u> Sign

**Report of the Independent Auditor
To the members of Postal Corporation of Kenya Staff Retirement Benefits Scheme
For the year ended 30 June 2020**

Opinion

We have audited the accompanying financial statements of Postal Corporation of Kenya Staff Retirement Benefits Scheme set out on pages 11 to 25, which comprise the statement of net assets available for benefits as at 30 June 2020, 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 2020 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 15 of these financial statements showing that the Scheme has contributions receivable from the sponsor amounting to Kshs. 1,018,502,774 (2019: Kshs. 848,236,992) and interest on unremitted contributions of Kshs. 1,173,522,281 (2019: Kshs. 584,952,379). 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 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.

**Report of the Independent Auditor
To the members of Postal Corporation of Kenya Staff Retirement Benefits Scheme (Continued)
For the year ended 30 June 2020**

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.

30 September 2020

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of changes in net assets available for benefits
For the year ended 30 June 2020

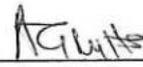
	Note	2020 Kshs	2019 Kshs
Contributions and benefits			
Contributions receivable	4	186,932,070	200,642,986
Transfers in	5	<u>36,543,247</u>	<u>73,912</u>
		223,475,317	200,716,898
Less: Payments to and on account of leavers	6	<u>(161,463,296)</u>	<u>(148,945,834)</u>
Net surplus from dealings with members		<u>62,012,021</u>	<u>51,771,064</u>
Return on investments			
Investment income	7	174,528,703	149,897,857
Change in fair value of investments	8	(49,694,146)	(17,171,819)
Less: Investment management expenses	9	<u>(5,857,506)</u>	<u>(5,632,484)</u>
Net return on investments		<u>118,977,051</u>	<u>127,093,554</u>
Add: Interest on overdue contributions	10	588,569,902	51,384,398
Less: Administrative expenses	11	(21,860,744)	(33,332,406)
Less: Staff costs	12	(8,983,359)	(8,197,648)
Less: Tax expense	13	<u>(1,338,135)</u>	<u>(270,253)</u>
Increase in net assets for the year		737,376,736	188,448,709
Net assets available for benefits at start of the year		<u>3,066,329,570</u>	<u>2,877,880,861</u>
Net assets available for benefits at end of the year		<u><u>3,803,706,306</u></u>	<u><u>3,066,329,570</u></u>

Postal Corporation of Kenya
 Staff Retirement Benefits Scheme
 Statement of net assets available for benefits
 As at 30 June 2020

	Note	2020 Kshs	2019 Kshs
Non-current assets			
Investments	14	<u>1,669,204,971</u>	<u>1,638,822,319</u>
Current assets			
Receivables	15	2,193,914,995	1,433,342,238
Cash and cash equivalents	16	9,968,413	39,837,822
Tax recoverable	13	<u>1,291,613</u>	<u>2,049,748</u>
		<u>2,205,175,021</u>	<u>1,475,229,808</u>
Current liabilities			
Unpaid benefits and other payables	17	<u>70,673,686</u>	<u>47,722,557</u>
Net current assets		<u>2,134,501,335</u>	<u>1,427,507,251</u>
Total net assets available for benefits		<u><u>3,803,706,306</u></u>	<u><u>3,066,329,570</u></u>
Financed by			
Members' balances	18	<u>3,803,706,306</u>	<u>3,066,329,570</u>

The financial statements on pages 11 to 25 were approved by the Trustees on 28-09- 2020
 and signed on their behalf by:

MR. GEORGIE ANDAI
 Trustee name


 Sign

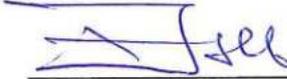
MRS. FREDA GACHIE
 Trustee name


 Sign

MRS. JENIPHER OYWER.
 Trustee name


 Sign

MR. JOHN TONU
 Trustee name


 Sign

MR. SIMON GACHARA
 Trustee name


 Sign

MR. PHILEMON MUMAI
 Trustee name


 Sign

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 Kshs	2019 Kshs
Cash flows from operating activities			
Contributions received		16,666,288	6,823,498
Transfers in	5	5,573,252	73,912
Benefits paid		(140,458,869)	(142,058,665)
Administrative expenses paid		(27,468,822)	(39,590,672)
Tax paid	13	<u>(580,000)</u>	<u>(4,107,298)</u>
Net cash used in operating activities		<u>(146,268,151)</u>	<u>(178,859,225)</u>
Cash flows used in investing activities			
Investment income received		163,923,390	156,655,819
Investment management expenses paid		(5,069,580)	(5,808,832)
Purchase of quoted equities		(15,876,216)	(2,566,934)
Purchase of treasury bonds	14	(184,262,704)	(194,185,981)
Purchase of offshore investments	14	(482,652)	(425,887)
Sale of quoted equities	14	50,260,104	74,045,450
Sale of treasury bonds	14	103,272,534	127,945,251
Sale of corporate bonds	14	80,715,538	3,575,000
Sale of offshore investments	14	<u>6,395,928</u>	<u>425,887</u>
Net cash generated from investing activities		<u>198,876,342</u>	<u>159,659,773</u>
Net movement in cash and cash equivalents		52,608,191	(19,199,452)
Cash and cash equivalents at start of year		<u>115,014,036</u>	<u>134,213,488</u>
Cash and cash equivalents at the end of year	16	<u><u>167,622,227</u></u>	<u><u>115,014,036</u></u>
Cash and cash equivalents			
Bank balances		9,968,413	39,837,822
Fixed and call deposits maturing within 90 days		<u>157,653,814</u>	<u>75,176,214</u>
Cash and cash equivalents at the end of year	16	<u><u>167,622,227</u></u>	<u><u>115,014,036</u></u>

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 standards already effective

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1st January 2019 and have been adopted by the Scheme. Neither the Amendments nor the Interpretation has had an effect on the Scheme's financial statements, but the new Standard has had an impact, as follows:

IFRS 16: Leases

From 1st January 2019, to comply with IFRS 16, Leases, which replaced IAS 17, Leases, the Scheme now recognises lease liabilities relating to leases under which the Scheme is the lessee that had previously been classified as operating leases (other than leases with less than 12 months to run from 1st January 2019 and leases of low value items). Such liabilities have been measured at 1st January 2019 at the present value of the remaining lease payments discounted using the Scheme's incremental borrowing rate as at 1st January 2019. Corresponding right-of-use assets have been recognised, measured as if the Scheme's new accounting policy had been applied since the commencement of each lease but discounted using the Scheme's incremental borrowing rate as at 1st January 2019. The difference between the lease liabilities and right-of-use assets at 1 January 2019 has been recognised as an adjustment to retained earnings at that date. As permitted by the transition provisions in the new Standard, comparative amounts have not been restated.

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 2020.

iii) Early adoption of standards

The Scheme did not early adopt any new or amended standards in year end 30 June 2020.

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.

1 Summary of significant accounting policies (Continued)

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 2020.

For financial instruments traded in an organised financial market, fair value is determined by reference to quoted market prices.

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 2020. 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.

1 Summary of significant accounting policies (Continued)

n) Financial instruments (Continued)

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.

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 below:

Held to maturity investments

The Scheme follows the guidance of IFRS 9 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.

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.

3 Financial risk management objectives and policies (Continued)

a) Market risk (Continued)

i) Foreign exchange risk (Continued)

At 30 June 2020, 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 Nil (2019: 284,959), as there were no offshore investments at the end of the year.

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).

At 30 June 2020, 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. 1,698,415 (2019: Kshs. 2,979,505). 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. 786,293 (2019: Kshs. 2,116,222).

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 2020 is made up as follows:

	2020 Kshs	2019 Kshs
Government securities	1,136,914,660	1,069,721,125
Fixed and time deposits	157,653,814	75,176,214
Corporate bonds	19,284,693	102,002,087
Bank balances	9,968,413	39,837,822
	<u>1,323,821,580</u>	<u>1,286,737,248</u>

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.

3 Financial risk management objectives and policies (Continued)

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:

	2020 Kshs	2019 Kshs
Unpaid benefits and other payables	<u>70,673,686</u>	<u>47,722,557</u>
4 Contributions		
From sponsor - normal	112,454,072	120,305,499
From sponsor - excess	3,899,017	4,607,651
From members - normal	70,375,681	75,467,236
From members - additional voluntary contribution	203,300	262,600
	<u>186,932,070</u>	<u>200,642,986</u>
5 Transfers in		
Amount transferred into the scheme from other schemes	<u>36,543,247</u>	<u>73,912</u>
6 Benefits paid and on account of leavers		
Lump sum retirement benefits	158,093,800	145,057,131
Death benefits	3,369,496	3,888,703
	<u>161,463,296</u>	<u>148,945,834</u>
7 Investment income		
Dividends from quoted equities	25,213,357	18,809,380
Interest on term deposits	5,048,889	4,767,430
Interest on treasury bonds	132,422,538	119,934,477
Interest on corporate bonds	6,388,900	11,412,088
Other income - rebates	358,816	128,765
Gain / (loss) on sale of quoted equities	6,510,284	(5,561,743)
(Loss) / gain on sale / maturity of treasury bonds	(1,891,886)	401,806
Gain / (loss) on sale of corporate bonds	263,717	(9,030)
Gain / (loss) on disposal of offshore investments	214,088	(69,748)
Realised foreign exchange gain	-	84,432
	<u>174,528,703</u>	<u>149,897,857</u>

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Notes to the financial statements (Continued)
For the year ended 30 June 2020

8	Change in fair value of investments	2020 Kshs	2019 Kshs
	Fair value loss on quoted equities	(33,968,292)	(59,590,104)
	Fair value (loss) / gain on treasury bonds	(15,725,854)	42,324,445
	Fair value gain on corporate bonds	-	11,406
	Fair value gain on offshore investments	-	82,434
		<u>(49,694,146)</u>	<u>(17,171,819)</u>
9	Investment management expenses		
	Management fees	3,357,224	3,796,777
	Custody fees	2,500,282	1,835,707
		<u>5,857,506</u>	<u>5,632,484</u>
10	Interest on overdue contributions		
	Interest from sponsor on unremitted contributions	<u>588,569,902</u>	<u>51,384,398</u>
	In the year ended 30 June 2020, the Trustees changed interest computation from simple interest method using the 91 days treasury bills rate in the year ended 30 June 2019 to 3% compounded monthly.		
11	Administrative expenses	2020 Kshs	2019 Kshs
	Trustee expenses	3,982,891	7,160,048
	Audit fees	353,115	451,833
	RBA levy	4,558,287	3,819,378
	Office rent and service charge	2,087,602	1,917,019
	Insurance costs	632,209	638,505
	Members education programme expenses	1,202,442	1,338,681
	Training expenses	2,985,861	5,256,041
	Subscriptions and journals	1,007,965	1,352,741
	Amortisation of intangible assets	2,107,098	2,076,004
	Printing and stationery	95,385	336,984
	Motor vehicle expenses	277,332	240,244
	Repairs and maintenance	99,603	155,310
	Travel costs	234,684	263,203
	Bank charges	163,837	73,145
	Actuarial fees	-	2,436,000
	Legal fees	873,430	2,337,404
	Advertising costs	164,755	462,940
	Depreciation	660,448	622,577
	Office expenses	373,800	295,399
	Impairment of financial assets	-	2,098,950
		<u>21,860,744</u>	<u>33,332,406</u>

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Notes to the financial statements (Continued)
For the year ended 30 June 2020

12 Staff costs	2020 Kshs	2019 Kshs
Salaries and wages	7,606,071	6,719,133
Staff medical scheme	199,236	205,357
Pension contributions	356,272	283,237
Other staff costs	821,780	989,921
	<u>8,983,359</u>	<u>8,197,648</u>

13 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:

	2020 Kshs	2019 Kshs
Investment income less expenses - unregistered scheme	<u>5,352,540</u>	<u>900,843</u>
Tax chargeable at 25% (2019: 30%)	<u>1,338,135</u>	<u>270,253</u>
Statement of net assets		
At 1st January	(2,049,748)	1,787,297
Charge for the year	1,338,135	270,253
Payment in the year	<u>(580,000)</u>	<u>(4,107,298)</u>
Tax recoverable	<u>(1,291,613)</u>	<u>(2,049,748)</u>

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Notes to the financial statements (Continued)
For the year ended 30 June 2020

14 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 2020								
Quoted equities	386,223,705	46,846,211	(50,260,104)	6,510,284	-	-	(33,968,292)	355,351,804
Treasury bonds	1,069,721,125	184,262,704	(103,272,534)	(1,891,886)	3,821,105	-	(15,725,854)	1,136,914,660
Corporate bonds	102,002,087	-	(80,715,538)	263,717	(2,265,573)	-	-	19,284,693
Offshore investments	5,699,188	482,652	(6,395,928)	214,088	-	-	-	-
	<u>1,563,646,105</u>	<u>231,591,567</u>	<u>(240,644,104)</u>	<u>5,096,203</u>	<u>1,555,532</u>	<u>-</u>	<u>(49,694,146)</u>	<u>1,511,551,157</u>
Fixed and call deposits	75,176,214	525,902,000	(443,996,419)	-	572,019	-	-	157,653,814
	<u>1,638,822,319</u>	<u>757,493,567</u>	<u>(684,640,523)</u>	<u>5,096,203</u>	<u>2,127,551</u>	<u>-</u>	<u>(49,694,146)</u>	<u>1,669,204,971</u>
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
	<u>1,592,828,989</u>	<u>197,178,802</u>	<u>(205,991,588)</u>	<u>(5,238,715)</u>	<u>4,139,386</u>	<u>(2,098,950)</u>	<u>(17,171,819)</u>	<u>1,563,646,105</u>
Fixed and call deposits	112,143,904	541,636,096	(579,136,096)	-	447,878	-	84,432	75,176,214
	<u>1,704,972,893</u>	<u>738,814,898</u>	<u>(785,127,684)</u>	<u>(5,238,715)</u>	<u>4,587,264</u>	<u>(2,098,950)</u>	<u>(17,087,387)</u>	<u>1,638,822,319</u>

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Notes to the financial statements (Continued)
For the year ended 30 June 2020

14 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 2020 to the contractual maturity date:

	Up to 1 year Kshs	1 to 2 years Kshs	Over 2 years Kshs	Total Kshs
Treasury bonds	84,684,088	140,175,282	912,055,290	1,136,914,660
Corporate bonds	19,284,693	-	-	19,284,693
Fixed and call deposits	157,653,814	-	-	157,653,814

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

	2020 %	2019 %
Treasury bonds	12.13%	12.13%
Corporate bonds	12.75%	12.71%
Fixed and call deposits	6.88%	6.72%

15 Contributions due and other receivables

	2020 Kshs	2019 Kshs
Contributions due for upto 30 days	15,145,895	16,189,800
Contributions due for more than 30 days	1,003,356,879	832,047,192
Interest on overdue contributions	1,173,522,281	584,952,379
	<u>2,192,025,055</u>	<u>1,433,189,371</u>
Investment income receivable	1,754,607	152,867
Prepayments	135,333	-
	<u>2,193,914,995</u>	<u>1,433,342,238</u>

16 Cash and bank balances

Cash at hand	100,000	100,000
Custodial account	1,782,885	10,138,405
Trustees disbursement account	8,085,528	29,599,417
	<u>9,968,413</u>	<u>39,837,822</u>

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

	2020 Kshs	2019 Kshs
Bank balances	9,968,413	39,837,822
Fixed and call deposits maturing within 90 days (note 14)	157,653,814	75,176,214
	<u>167,622,227</u>	<u>115,014,036</u>

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Notes to the financial statements (Continued)
For the year ended 30 June 2020

17 Unpaid benefits and other payables	2020 Kshs	2019 Kshs
Unpaid benefits	45,353,798	24,349,371
Audit fees payable	353,115	359,310
Printing costs payable	216,600	270,247
Fund management fees payable	1,410,888	922,038
Custody fees payable	452,600	153,524
RBA levy payable	4,558,287	3,819,377
Inter-fund balances	18,262,398	17,846,690
Sundry creditors	66,000	2,000
	<u>70,673,686</u>	<u>47,722,557</u>
18 Members balances		
At 1st July	3,066,329,570	2,877,880,861
Contributions for the year	186,932,070	200,642,986
Transfers in	36,543,247	73,912
Investment income	174,528,703	149,897,857
Fair value gain on investments	(49,694,146)	(17,171,819)
Withdrawals for the year	(161,463,296)	(148,945,834)
Investment management expenses	(5,857,506)	(5,632,484)
Interest on overdue contributions	588,569,902	51,384,398
Administration expenses	(21,860,744)	(33,332,406)
Staff costs	(8,983,359)	(8,197,648)
Taxation	(1,338,135)	(270,253)
At 30th June	<u>3,803,706,306</u>	<u>3,066,329,570</u>

19 Contingent liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 30 June 2020.

20 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.

21 Comparatives

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

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
Annual report and financial statements
For the year ended 30 June 2020

Appendix I - Regional quoted equities

	Number of shares of 30-Jun-2019 units	Number of shares of transfers in units	Number of shares of purchases units	No. of shares (disposals) / (impairment) units	Number of shares 30-Jun-2020 units	Mkt value 30-Jun-2019 Kshs	Transfers in at mkt value Kshs	Purchases at cost Kshs	Disposal proceeds Kshs	Realised gain / (loss) on disposal Kshs	Unrealised market gain / (loss) Kshs	Market Value at 30-Jun-2020 Kshs
Athi River Mining Limited	594,920	86,550	-	-	681,470	3,301,806	480,353	-	-	-	-	3,782,159
British American Tobacco Kenya Limited	10,500	-	-	-	10,500	5,250,000	-	-	-	-	(1,913,625)	3,336,375
Bamburi Cement Limited	84,450	22,355	-	-	106,805	9,563,963	2,906,150	-	-	-	(9,479,587)	2,990,526
Barclays Bank of Kenya Limited	827,400	20	-	(10)	827,410	8,646,330	236	-	(129)	25	(372,361)	8,274,100
Liberty Kenya Holdings Ltd	90,611	36,669	-	-	127,280	946,895	358,623	-	-	-	(284,722)	1,020,786
The Co-operative Bank of Kenya Limited	2,187,799	-	-	(366,600)	1,821,199	26,253,588	-	-	(5,884,453)	1,485,253	273,160	22,127,568
Diamond Trust of Kenya Limited	67,450	-	-	-	67,450	7,942,238	-	-	-	-	(3,170,150)	4,772,088
East Africa Breweries Limited	155,400	6,880	55,900	(8,500)	209,680	31,041,150	1,419,000	9,793,769	(1,448,988)	(197,168)	(6,534,763)	34,073,000
Equity Bank Limited	1,199,100	50,900	-	(193,500)	1,056,500	46,704,945	-	1,841,364	(9,960,372)	2,445,404	(4,370,790)	36,660,550
Jubilee Holdings Limited	1,633	-	-	-	1,633	652,792	-	-	-	-	(257,606)	395,186
KenGen Company Limited	731,650	158,455	-	-	890,105	4,346,001	893,686	-	-	-	(504,329)	4,735,359
Kenya Commercial Bank Limited	1,123,319	-	13,500	(172,100)	964,719	42,966,952	-	460,228	(9,369,898)	2,795,573	(1,785,319)	35,067,536
Kenya Power & Lighting Limited	540,000	1,295,378	-	(1,187,689)	647,689	2,100,600	5,414,676	-	(3,409,488)	(1,463,714)	(1,408,513)	1,243,562
Mumias Sugar Company Limited	-	259,700	-	-	259,700	-	132,447	-	-	-	(62,328)	70,119
Nation Media Group Limited	10,800	-	-	-	10,800	529,200	-	-	-	-	(362,680)	166,320
NIC Bank Limited	679,682	155,900	-	-	835,582	20,796,269	5,666,965	-	-	-	(4,280,532)	22,184,702
Safaricom Limited	5,430,500	497,200	140,000	(669,000)	5,398,700	152,597,050	13,697,860	3,780,856	(20,186,776)	1,434,912	3,348,854	154,672,755
Development Finance Company of Uganda Ltd	151,800	-	-	-	151,800	2,817,385	-	-	-	-	(17,130)	2,800,255
Stanbic Uganda Limited	17,222,706	-	-	-	17,222,706	13,835,632	-	-	-	-	(2,013,967)	11,821,665
Bank of Baroda Uganda Limited	1,135,366	-	-	-	1,135,366	4,048,697	-	-	-	-	(476,836)	3,571,862
Umenne Uganda Limited	226,250	-	-	-	226,250	1,880,223	-	-	-	-	(294,890)	1,585,334
Total						386,223,705	30,949,995	15,876,216	(50,260,104)	6,510,284	(33,968,292)	355,351,804

Appendix II - Treasury bonds

Issue No.	Historical cost	Nominal value	Dirty / full mkt value	Purchases cost	Purchases nominal	Disposal proceeds	Disposal nominal	Realised gain / (loss) on disposal	Dirty / full price per 100	Unrealised mkt gain / (loss)	Nominal value	Dirty / full mkt value
	30-Jun-2019 Kshs	30-Jun-2019 Kshs	30-Jun-2019 Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	30-Jun-2020 Kshs	30-Jun-2020 Kshs	30-Jun-2020 Kshs	30-Jun-2020 Kshs
FXD1/2019/2Yr	7,020,980	7,000,000	7,493,223	-	-	-	-	-	106.0779	(71,894)	7,000,000	7,425,455
FXD2/2015/5Yr	19,664,877	20,000,000	21,558,860	-	-	-	-	-	103.9660	(780,773)	20,000,000	20,793,204
FXD1/2015/5Yr	12,502,712	12,500,000	13,042,570	-	-	(12,500,000)	(12,500,000)	(515,397)	-	-	-	-
FXD1/2016/5Yr	24,670,450	24,500,000	27,160,443	1,968,140	1,800,000	-	-	-	107.5251	(918,107)	26,300,000	28,279,098
FXD2/2016/5Yr	14,005,100	14,000,000	15,995,248	-	-	-	-	-	111.2414	(432,275)	14,000,000	15,573,795
FXD3/2016/5Yr	27,964,811	27,500,000	30,219,547	-	-	-	-	-	107.9577	(551,005)	27,500,000	29,688,354
FXD1/2017/5Yr	85,381,958	89,400,000	98,916,134	-	-	-	-	-	109.3746	(1,196,480)	89,400,000	97,780,884
FXD2/2017/5Yr	10,046,600	10,000,000	10,898,964	-	-	-	-	-	107.7624	(129,599)	10,000,000	10,776,243
FXD1/2018/5Yr	5,000,000	5,000,000	5,383,350	5,207,050	5,000,000	-	-	-	105.9996	(180,748)	10,000,000	10,599,959
FXD2/2018/5Yr	-	32,000,000	32,957,485	-	-	-	-	-	101.8737	(377,001)	32,000,000	32,599,600
FXD1/2020/5Yr	-	-	-	15,121,350	15,000,000	-	-	-	103.7184	198,019	15,000,000	15,557,760
FXD1/2018/5Yr	20,000,000	20,000,000	21,908,942	-	-	-	-	-	108.7698	(168,498)	20,000,000	21,753,961
FXD1/2018/10Yr	50,381,500	50,000,000	55,179,346	10,605,391	10,000,000	-	-	-	109.5557	(728,795)	60,000,000	65,733,409
FXD2/2018/10Yr	20,000,000	20,000,000	21,001,929	-	-	-	-	-	104.5646	(102,741)	20,000,000	20,912,927
FXD1/2017/10Yr	28,224,975	28,000,000	31,977,914	-	-	-	-	-	112.9076	(383,745)	28,000,000	31,614,117
FXD3/2019/10Yr	-	-	-	10,298,743	10,000,000	-	-	-	101.9394	(528,782)	10,000,000	10,193,938
FXD1/2019/10Yr	9,436,787	9,300,000	10,060,131	-	-	(5,055,360)	(5,000,000)	(139,748)	107.9788	(11,394)	4,300,000	4,643,003
FXD2/2019/10Yr	18,000,000	18,000,000	19,021,482	21,228,867	20,000,000	-	-	-	105.2672	(787,904)	38,000,000	40,001,553
FXD4/2019/10Yr	-	-	-	23,529,535	23,500,000	-	-	-	102.5994	295,910	23,500,000	24,110,854
FXD1/2010/10Yr	25,547,341	32,400,000	33,306,844	-	-	(32,400,000)	(32,400,000)	(312,215)	-	-	-	-
FXD2/2010/10Yr	24,737,865	27,500,000	28,125,587	-	-	-	-	-	102.4958	48,661	27,500,000	28,186,331
FXD1/2012/10Yr	41,748,074	43,050,000	46,184,359	-	-	-	-	-	105.7403	(893,225)	43,050,000	45,521,186
FXD1/2013/10Yr	8,673,275	8,700,000	9,298,450	-	-	-	-	-	105.6104	(116,255)	8,700,000	9,188,109
FXD1/2014/10Yr	11,184,268	11,500,000	12,891,528	-	-	-	-	-	110.5450	(386,545)	11,500,000	12,712,679
FXD1/2018/15Yr	19,443,400	20,000,000	20,623,948	6,280,380	6,000,000	-	-	-	104.3699	(57,124)	26,000,000	27,136,170
FXD3/2019/15Yr	-	-	-	49,446,747	49,000,000	-	-	-	104.1789	(973,886)	49,000,000	51,047,649
FXD2/2007/15Yr	49,879,915	46,000,000	50,383,628	-	-	-	-	-	107.3738	(1,025,802)	46,000,000	49,391,946
FXD3/2007/15Yr	78,983,435	75,000,000	81,201,023	-	-	(20,404,380)	(20,000,000)	(590,110)	107.0832	(940,105)	75,000,000	80,312,429
FXD1/2008/15Yr	10,277,300	10,000,000	11,043,597	-	-	(10,249,850)	(10,000,000)	1,910	-	-	-	-
FXD1/2009/15Yr	72,780,226	70,000,000	77,325,703	-	-	-	-	-	109.5073	(99,734)	10,000,000	10,950,731
FXD1/2010/15Yr	13,779,585	15,000,000	15,229,272	-	-	-	-	-	108.3489	(1,529,568)	70,000,000	75,844,214
FXD1/2019/15Yr	3,032,040	3,000,000	3,250,233	-	-	-	-	-	100.7844	(120,066)	15,000,000	15,117,653
FXD1/2012/15Yr	3,762,924	4,200,000	4,259,150	-	-	-	-	-	108.9156	15,114	3,000,000	3,267,467
FXD1/2013/15Yr	14,757,592	17,000,000	17,509,334	-	-	-	-	-	101.1161	(14,514)	4,200,000	4,246,875
FXD2/2013/15Yr	14,868,342	16,600,000	17,423,317	10,485,419	10,000,000	-	-	-	102.3694	(117,051)	17,000,000	17,402,792
FXD1/2019/20Yr	-	10,000,000	10,470,570	20,414,183	20,000,000	-	-	-	104.1660	(445,598)	26,800,000	27,708,149
FXD1/2018/20Yr	19,811,400	20,000,000	21,698,006	-	-	-	-	-	103.1771	(490,401)	30,000,000	30,953,125
IFB1/2015/9Yr	8,370,000	10,000,000	10,308,380	-	-	(20,404,380)	(20,000,000)	(590,110)	-	-	-	-
IFB1/2016/15Yr	27,976,662	28,000,000	29,945,244	-	-	-	-	-	-	-	-	-
IFB1/2017/12Yr	4,751,500	5,000,000	5,587,575	-	-	-	-	-	104.6290	(611,604)	28,000,000	29,352,120
IFB1/2017/7Yr	20,221,600	20,000,000	21,878,680	-	-	-	-	-	106.3212	(174,950)	5,000,000	5,416,060
IFB1/2011/12Yr	8,298,059	9,400,000	9,949,383	-	-	(5,500,000)	(5,500,000)	(145,569)	107.3154	(429,340)	20,000,000	21,463,080
IFB1/2013/12Yr	17,759,348	18,700,000	19,757,223	-	-	-	-	-	109.3890	134,885	3,900,000	4,265,391
IFB1/2014/12Yr	27,098,238	26,500,000	27,848,373	-	-	-	-	-	104.4631	(230,197)	18,700,000	19,538,340
IFB1/2015/12Yr	24,833,547	26,000,000	27,408,940	-	-	-	-	-	103.9224	(324,943)	26,500,000	27,539,436
IFB1/2018/20Yr	14,824,150	15,000,000	15,673,020	-	-	-	-	-	104.1389	(348,556)	26,000,000	27,076,114
IFB1/2018/15Yr	15,995,040	16,000,000	18,194,368	-	-	(17,162,944)	(16,000,000)	(190,788)	101.4294	(468,465)	15,000,000	15,214,410
IFB1/2020/9Yr	-	-	-	9,477,100	10,000,000	-	-	-	-	-	-	-
	945,518,274	991,750,000	1,069,721,125	184,262,704	180,300,000	(103,272,534)	(101,400,000)	(1,891,866)	100.2409	314,490	10,000,000	10,024,090
										(15,725,854)	1,070,650,000	1,136,914,660

Postal Corporation of Kenya
Staff Retirement Benefits Scheme
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Appendix III - Corporate bonds

	Nominal value 30-Jun-2019 Kshs	Accrued interest 30-Jun-2019 Kshs	Clean price value 30-Jun-2019 Kshs	Dirty / mkt value 30-Jun-2019 Kshs	Disposal proceeds Kshs	Disposals nominal Kshs	Realised gain / (loss) on disposal Kshs	Nominal value 30-Jun-2020 Kshs	Clean price value 30-Jun-2020 Kshs	Accrued interest 30-Jun-2020 Kshs	Dirty / mkt value 30-Jun-2020 Kshs
Consolidated Bank Bond	1,200,000	70,894	1,200,000	1,270,894	(1,200,000)	(1,200,000)	-	-	-	-	-
CBA - Fixed medium term note (12.75%)	19,000,000	93,045	19,000,000	19,093,045	-	-	-	19,000,000	19,000,000	284,693	19,284,693
CENTUM BOND (Senior unsecured equity linked notes)	8,948,400	65,642	8,948,400	9,014,042	(9,228,038)	(8,948,400)	279,638	-	-	-	-
NIC Bank - Medium term note (12.50%)	12,900,000	516,679	12,900,000	13,416,679	(12,900,000)	(12,900,000)	-	-	-	-	-
CIC Insurance - Medium term note (13.00%)	19,700,000	625,321	19,700,000	20,325,321	(19,700,000)	(19,700,000)	-	-	-	-	-
UAP Holdings - Medium term note (13.00%)	12,500,000	710,614	12,500,000	13,210,614	(12,500,000)	(12,500,000)	-	-	-	-	-
Stanbic - Fixed Rate Bond (12.50%)	15,200,000	118,643	15,200,000	15,318,643	(15,200,000)	(15,200,000)	-	-	-	-	-
KenGen Bond - FXIB /2009/10Yr (12.95%)	1,187,500	21,147	1,203,421	1,224,568	(1,187,500)	(1,187,500)	(15,921)	-	-	-	-
EABL - Fixed medium term note (12.25%)	8,800,000	328,280	8,800,000	9,128,280	(8,800,000)	(8,800,000)	-	-	-	-	-
Chase Bank - Fixed medium term note	12,000,000	-	12,000,000	12,000,000	-	-	-	12,000,000	12,000,000	-	12,000,000
Impairment loss - Chase bank bond	(12,000,000)	-	(12,000,000)	(12,000,000)	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
	99,435,900	2,550,266	99,451,821	102,002,087	(89,715,538)	(80,435,900)	263,717	19,000,000	(12,000,000)	284,693	19,284,693

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Appendix IV - Offshore investments

	Historical cost Kshs	Number of shares of shares 30-Jun-2019 units	Number of shares of shares Additions units	Number of shares of shares (Disposals) units	Number of shares of shares 30-Jun-2019 units	Mkt value 30-Jun-2019 Kshs	Purchases at cost Kshs	Disposal proceeds Kshs	Realised gain / (loss) on disposal Kshs	Market Value at 30-Jun-2020 Kshs
Hausmann Rech US Dollar Fund	2,709,015	23,735	-	(23,735)	-	2,429,068	-	(2,393,731)	(35,336)	-
Hausmann Rech Global Managed Fund	2,716,277	27,788	4,445	(32,233)	-	2,810,450	482,652	(3,519,544)	226,442	-
Hausmann Rech Global Equity Multi Strategy Fund	425,887	4,484	-	(4,484)	-	459,670	-	(482,652)	22,982	-
	<u>5,851,179</u>					<u>5,699,188</u>	<u>482,652</u>	<u>(6,395,927)</u>	<u>214,088</u>	<u>-</u>