

**POSTAL CORPORATION OF KENYA
STAFF RETIREMENT BENEFITS SCHEME**



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30TH JUNE 2023**

Matengo & Associates
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Postal Corporation of Kenya Staff Retirement Benefits Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2023

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**Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Scheme Information

Trustees

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

Mr. Simon Kabuge Gachara	Retired on 6 July 2023
Mr. John Kipyegon Tonui	Retired on 3 March 2023
Mr. Philemon Kiplangat Munai	Appointed on 26 March 2021
Mr. Muktar Abdullahi	Appointed on 26th March 2021
Mr. Alister G. D'souza	Retired on 15 June 2023
Mrs..Esther Sagini	Retired on 17 October 2022
Mrs. Deborah Bubi	Retired on 15 June 2023
Mrs. Nancy Njeri Mathenge	Appointed on 17 April 2023
Mr. Fredrick Otieno Siengo	Appointed on 11 July 2023
Mr. Moses Otieno Odoyo	Appointed on 11 July 2023

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

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

ICEA LION Asset Management Limited
ICEA LION Centre, Chromo road
P. O. Box 46143 - 00100
NAIROBI.

Consulting actuaries

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

Principal banker

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

Independent auditor

Matengo & Associates
Financial & Management Consultants
Applewood Adams 5th Floor, Suite 504 Ngong Road
P. O. Box 67603-00200, Nairobi.
Cell phone: 0723893260/+254-020-2420016
Email: info@matengo-associates.com
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Corporate Governance Statement

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
Mr. John Tonui	52	Sponsor nominated	6	Yes	MBA	Yes
Mr. Philemon Munai	37	Member elected	8	Yes	BBA (Accounting)	None
Mr. Simon Gachara	59	Member elected	8	Yes	Diploma (Bus Admin)	Yes
Mr. Muktar Abdullahi	47	Member Elected	6	Yes	MBA	Yes
Mr. Alister G. D'souza	41	Sponsor nominated	3	Yes	Bachelors (Commerce)	Yes
Ms. Esther Sagini	57	Sponsor nominated	3	No	Bachelors (Arts)	Yes
Mrs. Nancy Mathenge	59	Sponsor nominated	2	No	Masters	Yes
Ms. Deborah Bubi	40	Sponsor nominated	2	No	Masters	None

2. Composition of the Board of Trustees

Gender Mix	Female:	37.50%
	Male:	62.50%
Skills Mix	Financial skills:	2
Age Mix	Below 35 years of age:	None
	Above 35 years of age:	All

Corporate Governance Statement (Continued)

3. Board Meetings

The Board of Trustees held nine (9) meetings during the year ending 30 June 2023. The meetings were held on the dates set out hereunder:

Date of Meeting	Board Members Present
13 July 2022	Mr. Simon Gachara Mr. John Tonui Mr. Muktar Abdullahi Mr. Alister D'souza Mr. Philemon Munai
02 August 2022	Mr. Simon Gachara Mr. John Tonui Mr. Philemon Munai Mrs. Esther Sagini
29 September 2022	Mr. Simon Gachara Mr. John Tonui Mr. Alister G. D'souza Ms. Esther Sagini Mr. Philemon Munai Mr. Muktar Abdullahi
07 October 2022	Mr. Simon Gachara Mr. John Tonui Mr. Philemon Munai Mr. Muktar Abdullahi Ms. Esther Sagini
25 October 2022	Mr. Simon Gachara Mr. Philemon Munai Mr. John Tonui Mr. Muktar Abdullahi Ms. Esther Sagini
15 December 2022	Mr. Simon Gachara Mr. Philemon Munai Mr. John Tonui Mr. Muktar Abdullahi
2 February 2023	Mr. Simon Gachara Mr. Philemon Munai Mr. John Tonui Mr. Muktar Abdullahi Mr. Alister D'souza
04 May 2023	Mr. Simon Gachara Mr. Philemon Munai Mr. Muktar Abdullahi Ms. Nancy Mathenge Ms. Deborah Bubi
14 June 2023	Mr. Simon Gachara Mr. Muktar Abdullahi Mr. Alister D'souza Mr. Philemon Munai Ms. Deborah Bubi Ms. Nancy Mathenge

Corporate Governance Statement (Continued)

4. Joint Meetings of the Board

The Board of Trustees of Postal Corporation of Kenya Staff Pension Scheme jointly with Postal Corporation of Kenya Staff Retirement Benefits Scheme held Three (3) meetings during the year ending 30 June 2023 to deliberate on joint Administration matters. The meetings were held on the dates set out hereunder:

Date of meeting	Board members present
08 December 2022	Mr. Simon Gachara Mr. Alister D'souza Mr. Muktar Abdullahi Mr Philemon Munai Mr. John Tonui
17 April 2023	Mr. Simon Gachara Mr. Philemon Munai Mr. Alister D'Souza
18 April, 2023	Mr. Simon Gachara Mr. Alister D'souza Mr Philemon Munai

Corporate Governance Statement (Continued)

5. 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 two meetings during the year ended 30 June 2023. The Board members who constitute this committee are:

<i>Membership of the committee</i>	<i>Number of meetings attended</i>
Mr. Muktar Abdullahi	a) One
Mr. John Tonui	One
Ms. Deborah Bubi	One
Ms. Nancy Mathenge	One
Mr. Philemon Munai	One

Audit and Risk Management Committee

The committee held one meeting 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. Muktar Abdullahi	One
Mr. Alister D'souza	One

Administration and Communication Committee

The committee held two meetings during the year ended 30 June 2023. The Board members who constitute this committee are:

<i>Administration and communication committee</i>	<i>Number of meetings attended</i>
Mr. Muktar Abdullahi	Two
Mr. Philemon Munai	Two

Corporate Governance Statement (Continued)

6. 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.

7. 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.

8. 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.

9. Annual General Meeting

The Board of Trustees held the 2022 Annual General Meeting (AGM) on 14th December, 2022 via a hybrid method comprising Live Broadcasting through NTV, Zoom and Social media platforms at the City Square Post Office. The meeting was used as a forum 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.

Corporate Governance Statement (Continued)

10. Trustees Remuneration Policy

During the year under review, the Trustees were paid a gross sum of Kshs. 2,164,060.00 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 for the year ended 30 June, 2020.

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 26th September 2023 and signed on its behalf by:



Mr. Muktar Abdullahi



Mr. Philemon Kiplangat Munai



Mrs Nancy Njeri Mathenge



Mr. Fredrick Otieno Siengo



Mr. Moses Otieno Odoyo

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Report of the Trustees

The Trustees present their report together with the audited financial statements for the year ended 30 June 2023.

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 dependents 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

	2023	2022
a) Total Members		
Active Members	2,225	2,018
Deferred Cases	444	398
Dormant/ Unclaimed Benefits Cumulative for the Year	637	125
Total	3,306	2,541
b) Contributing Members		
At Start of Year	2,018	2,257
Joiners	455	0
Dormant Members in the Year	0	0
Other Leavers		
Above 50	(216)	(205)
Resignations	(12)	(25)
Dismissals	(7)	(10)
Ill- Health	-	-
Death	(11)	(19)
Immigration	(2)	-
Adjustments	-	20
Leavers (Immigration, Transfer-Out, below 50 Years)	-	-
At Year End - Contributing Members	2,225	2,018

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Report of the Trustees (Continued)

3. Membership (Continued)

c) Deferred Members

	2023	2022
At Start of Year	398	387
Leavers Whose Benefits Were Locked In	19	24
Transfer out	(2)	(2)
Opening Balance Adjustment	41	-
Deferred Members Payments	(10)	(11)
Death in Deferment	(2)	-
At End of Year	444	398

d) Dormant Members

At Start of the Year	125	68
Add: Additional in the Year	512	57
Less: Dormant Paid in the Year	-	-
At End of Year	637	125

4. Financial Review

The statement of changes in net assets available for benefits on page 11 shows a decrease in the net assets of the Scheme for the year of Kshs. 391,127,415 (2022: a decrease of Kshs. 172,417,206) and the statement of net assets available for benefits on page 12 shows the Scheme's net assets as Kshs. 1,296,230,996 (2022: Kshs. 1,686,813,990).

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
Corporate Bonds	5,215,141	0.37%	30.00%
Cash Balances	18,498,442	1.31%	5.00%
Fixed and Call Deposits	50,955,275	3.61%	30.00%
Local and Regional Quoted Equities	286,590,420	20.29%	70.00%
Kenya Government Securities	1,051,075,216	74.42%	90.00%
	<u>1,412,334,494</u>		

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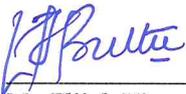
Report of the Trustees (Continued)

6. Auditor

The Trustees approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to Statement of changes in net assets available for benefits in the year.

During the year, Matengo & Associates, Certified Public Accountants, were appointed as the Scheme's auditors and have expressed their willingness to continue in office.

For the Trustees



Mr. Elijah Kipruto Koskey
Trust Secretary

26 / 9 / 2023
Date

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Statement of Trustees' Responsibilities

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 26th September 2023 and signed on its behalf by:



Mr. Muktar Abdullahi



Mrs Nancy Njeri Mathenge



Mr. Moses Otieno Odoyo



Mr. Philemon Kiplangat Munai



Mr. Fredrick Otieno Siengo



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF POSTAL CORPORATION OF KENYA STAFF RETIREMENT BENEFITS SCHEME FOR THE YEAR ENDED 30 JUNE 2023

Opinion

We have audited the accompanying financial statements of Postal Corporation of Kenya Staff Retirement Benefits Scheme (the Scheme) set out on pages 14 to 34, which comprise the statement of net assets available for benefits as at 30 June 2023, 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 2023 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 (including International Independence Standards) (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 the following:

1. Note 17 of these financial statements showing that the Scheme has contributions receivable from the sponsor amounting to Kshs. 1,229,465,633 (2022: Kshs. 1,195,369,754) and interest on unremitted contributions of Kshs. 1,173,522,281 (2022: Kshs. 1,173,522,281). These conditions raise substantial doubt about the Scheme's ability to continue paying future benefits to members as and when they fall due, unless the sponsor commits to remit all outstanding contributions and the interest levied thereon.
2. The Sponsor stopped deducting contributions from members effective November 2021. Only the employer portion of the contributions has been accrued in the financial statements. This may result in the scheme operating as a closed scheme unless remedial action is taken to reopen the scheme contributions.

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 Meshack Matengo - Practising Certificate Number 2061.

Matengo & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Date: 28/09/ 2023



Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Statement of Changes in Net Assets Available for Benefits

	Notes	2023 KES	2022 KES
Contributions and Benefits			
Contributions Receivable	4	70,517,062	115,351,601
Transfers In	5	-	-
		<u>70,517,062</u>	<u>115,351,601</u>
Less: Payments to and on Account of Leavers	6	(261,341,914)	(176,105,926)
Add: Overstated Unpaid Benefits Written Back	7	-	216,836,463
Net Addition / (Reduction) from Dealings with Members		<u>(190,824,852)</u>	<u>156,082,138</u>
Return on Investments			
Investment Income	8	172,918,950	166,734,548
Change in Fair Value of Investments	9	(72,326,347)	(157,304,483)
Impairment Provision	10	(241,975,968)	(297,334,708)
Less: Investment Management Expenses	11	(5,266,994)	(5,753,063)
Net Return on Investments		<u>(146,650,359)</u>	<u>(293,657,706)</u>
Less: Administrative Expenses	12	(53,443,694)	(23,845,285)
Less: Staff Costs	13	(11,446,823)	(10,769,731)
Less: Tax Expense	14	(239,544)	(226,622)
Decrease In Net Assets for the Year		(402,605,272)	(172,417,206)
Net Assets Available for Benefits at Start of the Year		1,686,813,990	1,859,231,196
Prior Year Adjustment	15	544,420	-
Net Assets Available for Benefits at End of the Year		<u><u>1,284,753,138</u></u>	<u><u>1,686,813,990</u></u>

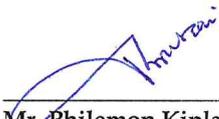
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Statement of Net Assets Available for Benefits

	Notes	2023 KES	2022 KES
Non-Current Assets			
Investments	16	<u>1,393,836,052</u>	<u>1,570,744,482</u>
Current Assets			
Receivables	17	14,627,918	210,462,662
Cash and Cash Equivalents	18	18,498,442	8,995,957
Tax Recoverable	14	644,543	884,088
		<u>33,770,904</u>	<u>220,342,707</u>
Current Liabilities			
Unpaid Benefits and Other Payables	19	<u>142,853,818</u>	<u>104,273,199</u>
Net Current Assets		<u>(109,082,914)</u>	<u>116,069,508</u>
Total Net Assets Available for Benefits		<u><u>1,284,753,138</u></u>	<u><u>1,686,813,990</u></u>
Financed By			
Members' Balances	20	<u><u>1,284,753,138</u></u>	<u><u>1,686,813,990</u></u>

The financial statements on pages 14 o 16 were approved by the Trustees on 26th September 2023 and signed on their behalf by:


Mr. Muktar Abdullahi


Mr. Philemon Kiplangat Munai


Mrs Nancy Njeri Mathenge


Mr. Fredrick Otieno Siengo


Mr. Moses Otieno Odoyo

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Statement of Cash Flows

	Notes	2023 KES	2022 KES
Cash Flows from Operating Activities			
Contributions Received		36,486,232	24,022,270
Benefits Paid		(245,061,423)	(177,163,798)
Administrative Expenses Paid		(38,796,925)	(25,250,289)
Net Cash Flows from Operating Activities		(247,372,116)	(178,391,817)
Cash Flows from Investing Activities			
Investment Income Received		176,897,221	169,233,898
Investment Management Expenses		(6,051,481)	(5,010,796)
Purchase of Local Equity	16	(12,793,611)	(12,052,724)
Purchase of Treasury Bonds	16	(384,744,681)	(176,752,239)
Purchase of Treasury Bills	16	-	(4,556,200)
Purchase of Deposit	16	-	-
Sale of Local Equity	16	33,912,515	-
Sale of Corporate Bonds	16	15,197,025	(5,260,070)
Sale of Treasury Bonds	16	377,349,531	230,251,040
Sale of Treasury Bills	16	5,000,000	9,145,800
Sale of Deposit		-	-
Net Cash from Investing Activities		204,766,519	204,998,709
Net Increase in Cash and Cash Equivalents		(42,605,597)	26,606,892
Movement in Cash and Cash Equivalents			
Cash and Cash Equivalents at Start of Year		112,105,540	85,498,648
Increase (Decrease)		(42,605,597)	26,606,892
Cash and Cash Equivalents at the End of Year	18	69,499,943	112,105,540
Cash and Cash Equivalents			
Bank Balances		18,544,669	8,995,957
Fixed and Call Deposits Maturing within 90 Days		50,955,275	103,109,583
	18	69,499,943	112,105,540

Notes to the Financial Statements

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.

Notes to the Financial Statements (Continued)

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 July 2021 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.

IFRS 9: Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments:

Recognition and Measurements

The Scheme has adopted IFRS 9 Financial Instruments. There were no transition adjustments highlighted.

IFRS 9 also changes the classification and measurement of financial assets. The category of available-for-sale investments (where fair value changes were deferred in reserves until disposal of the investment) has been replaced with the category of financial assets at Fair Value through Profit and Loss (for most investments) and the category of financial assets at Fair Value through Other Comprehensive Income (for qualifying equity investments).

Classification and measurement of financial assets and liabilities

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

There were no transition adjustments.

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

b) New and Revised Standards (Continued)

IFRS 9: Financial Instruments (Continued)

	Original Classification Under IAS 39	New Classification	Carrying Amount Under IFRS 9
Financial Assets			Kshs
Trade and Other Receivables	Loans and Receivables	Amortised Cost	2,408,105,516
Cash and Cash Equivalents	Loans and Receivables	Amortised Cost	69,453,717
Financial Liabilities			
Trade and Other Payables	Other Financial Liabilities	Other Financial Liabilities	142,853,818

At 30 June 2023, the lifetime expected loss provision for Contributions Receivable is as follows:

Contributions Receivable	Net Outstanding as at Y/E	Impairment Loss	Expected Loss Rate
Customer Not Due	-	-	0%
Customer 0-30	-	-	0%
Customer 31-60	31,701,052	22,190,736	70%
Customer 61-180	38,816,010	38,816,010	100%
Customer 181-360	4,080,929	4,080,929	100%
Over 361	1,154,867,641	1,154,867,641	100%
	1,229,465,632	1,219,955,317	
Trustees Overlay			
Actual % Percentage Recovery 2023		-	0%
Final Provision as at 30.06.2023		1,219,955,317	

The Trustees monitor the credit ratings of counterparties regularly guided by cash and carry policy and at the reporting date has authorised a provision of Kshs. 1,219,955,317 from non-performance by the counterparties which represents the part exposure to credit loss.

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

b) New and Revised Standards (Continued)

IFRS 9: Financial Instruments (Continued)

Interest Income Receivable on Contributions Due	Net Outstanding as at Y/E	Impairment Loss	Expected Loss Rate
Customer Not Due	-	-	0%
Customer 0-30	-	-	0%
Customer 31-60	-	-	0%
Customer 61-90	-	-	0%
Customer 91-180	-	-	0%
Customer 181-360	-	-	0%
Over 361	1,173,522,281	1,173,522,281	100%
	1,173,522,281	1,173,522,281	
Trustees Overlay			
Actual % Percentage Recovery 2023		-	0%
Final Provision as at 30.06.2023		1,173,522,281	

The Trustees monitor the credit ratings of counterparties regularly guided by cash and carry policy and at the reporting date has authorised a provision of Kshs 1,173,522,281 from non-performance by the counterparties which represents the part exposure to credit loss.

Dividends Receivable	Net Outstanding as at Y/E	Impairment Loss	Expected loss rate
Customer Not Due	-	-	0%
Customer 0-30	4,957,269	-	0%
Customer 31-60	-	-	0%
Customer 61-90	-	-	0%
Customer 91-180	-	-	0%
Customer 181-360	-	-	0%
Over 361	-	-	0%
	4,957,269	-	
Trustees Overlay			
Actual % Percentage Recovery 2023		-	0%
Final Provision as at 30.06.2023		-	

The Trustees monitor the credit ratings of counterparties regularly guided by cash and carry policy and at the reporting date no provisions were passed.

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

c) New and Revised Standards (Continued)

Prepayments	Net Outstanding as at Y/E	Impairment Loss	Expected Loss Rate
Customer Not Due	-	-	0%
Customer 0-30	160,333	-	0%
Customer 31-60	-	-	0%
Customer 61-90	-	-	0%
Customer 91-180	-	-	0%
Customer 181-360	-	-	0%
Over 361	-	-	0%
	160,333	-	
Trustees Overlay			
Actual % Percentage Recovery 2023		-	0%
Final Provision as at 30.06.2022		-	

The Trustees monitor the credit ratings of counterparties regularly guided by cash and carry policy and at the reporting date no provisions were passed.

Cash and Cash Equivalents

The Scheme held cash and cash equivalents of 1,597,653,845. The cash and cash equivalents are held and rated on S&P Global Ratings, Fitching and Moody's as below:

Name of bank	Rating agency	Credit rating	Probability of Default Rates
Equity Quoted-Local	GCR	A1	0.00%
Equity Quoted-Offshore	GCR	A1	0.00%
Central Bank of Kenya	Fitching	B-	2.94%
Government of Kenya	Fitching	B-	2.94%
KCB Bank	Fitching	B	2.08%
Equity Bank	Fitching	B	2.08%
NCBA Bank	Fitching	B+	1.48%
Standard Chartered Bank	Fitching	BBB+	0.08%
EABL (DIAGEO GROUP)	Fitching	A+	0.00%
KMRC	Fitching	B-	2.94%
Cash in Hand	N/A	N/A	0.00%

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

d) New and Revised Standards (Continued)

Financial institutions	KES	Probability of Default rates	Loss given default (Balance x PDxEAD)
Equity Quoted-Local	286,590,420	0.00%	-
Equity Quoted-Offshore	-	0.00%	-
Fixed, Time & Call Deposits	50,955,275	2.08%	914,939
Corporate Bonds	5,215,141	2.94%	26,216
Government Bonds	1,051,075,216	2.94%	28,601,840
Treasury Bills	-	2.94%	-
Standard Chartered Bank Account	16,814,184	0.08%	13,035
Kenya Commercial Bank Account	1,646,702	2.08%	33,192
Cash In Hand - Imprest	83,783	0.00%	-
Total	1,412,380,722		29,589,223

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Corporation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Movements in the impairment allowance for trade receivables are as follows:

Movements in the impairment allowance for trade receivables are as follows:	2023 KES
Opening provision for impairment of Cash and Cash equivalent	17,913,408
Increase during the year	11,675,815
At 30 June	29,589,223

Notes to the Financial Statements (Continued)

1 Summary of significant accounting policies (Continued)

e) New and Revised Standards (Continued)

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 2023.

iii) Early Adoption of Standards

The Scheme did not early adopt any new or amended standards in year ended 30 June 2023.

f) Contributions and Benefits

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

g) Interest Income

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

h) Dividend Income

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

i) 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.

j) 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.

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

k) Quoted Investments

Quoted investments are classified as fair value through profit or loss and are stated at market values as at 30 June 2023.

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

l) 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.

m) Corporate Bonds

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

n) Off-shore Investments

Offshore investments are translated into Kenya Shillings at the exchange rate ruling on 30 June 2023. These investments are classified as fair value through profit or loss and are stated at market value.

o) 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.

p) 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.

Notes to the Financial Statements (Continued)

1 Summary of Significant Accounting Policies (Continued)

p) Financial Instruments (Continued)

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. These 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.

b) 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.

Notes to the Financial Statements (Continued)

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 classifies 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.

Notes to the Financial Statements (Continued)

3. Financial Risk Management Objectives and Policies (Continued)

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.

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).

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.

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

3. Financial Risk Management Objectives and Policies (Continued)

The amount that best represents the Scheme's maximum exposure to credit risk at 30 June 2023 is made up as follows:

	2023	2022
	KES	KES
Government Securities	1,051,075,216	1,121,670,469
Fixed and Time Deposits	50,955,275	103,109,583
Bank Balances	18,498,442	8,995,957
Corporate Bonds	5,215,141	5,313,737
	<u>1,125,744,074</u>	<u>1,239,089,746</u>

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:

Unpaid Benefits and Other Payables	<u>142,853,818</u>	<u>104,273,199</u>
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Postal Corporation of Kenya Staff Retirement Benefits Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2023

Notes to the Financial Statements (Continued)

	2023	2022
	KES	KES
4 Contributions		
From Sponsor - Normal	70,517,062	87,927,049
From Sponsor - Excess	-	1,693,292
From Members - Normal	-	25,659,860
From Members - Additional Voluntary Contribution	-	71,400
	<u>70,517,062</u>	<u>115,351,601</u>
5 Transfers In		
Amount Transferred into The Scheme from Other Schemes	<u>-</u>	<u>-</u>
6 Benefits Paid and On Account of Leavers		
Lump Sum Retirement Benefits	255,845,419	176,105,926
Death Benefits	5,496,494	-
	<u>261,341,914</u>	<u>176,105,926</u>
7 Overstated Unpaid Benefits Written Back		
Write Back from Unpaid Benefits	<u>-</u>	<u>216,836,463</u>
8 Investment Income		
Dividends from Quoted Equities	28,398,127	20,783,949
Interest on Term Deposits	7,448,159	2,878,518
Interest on Treasury Bonds	137,623,176	148,209,047
Interest on Corporate Bonds	646,424	398,396
Discount on Treasury Bills	329,192	865,553
Other Income - Rebates	(56,790)	(30,527)
Gain on Sale of Quoted Equities	3,665,909	-
Loss on Sale / Maturity of Treasury Bonds	(5,135,247)	(6,370,388)
	<u>172,918,950</u>	<u>166,734,548</u>
9 Change in Fair Value of Investments		
Fair Value Gain/(Loss) On Quoted Equities	(32,002,812)	(109,015,943)
Fair Value Loss on Treasury Bonds	(40,254,123)	(48,293,529)
Fair Value Gain on Corporate Bonds	(69,411)	4,989
	<u>(72,326,347)</u>	<u>(157,304,483)</u>

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

	2023 KES	2022 KES
10 Impairment Provision		
Increase In Provision (IFRS 9)	<u>241,975,968</u>	<u>297,334,708</u>
11 Investment Management Expenses		
Management Fees	3,517,924	3,936,045
Custody Fees	<u>1,749,070</u>	<u>1,817,018</u>
	<u>5,266,994</u>	<u>5,753,063</u>
12 Administrative Expenses		
Audit Fees	336,400	473,193
RBA Levy	2,032,161	2,439,253
Office Rent and Service Charge	3,008,138	2,373,446
Insurance Costs	839,566	779,057
Annual General Meeting Expenses	2,028,537	1,842,712
Training Expenses	3,127,696	2,633,539
Trustee Expenses	2,498,256	2,132,536
Licenses and Subscriptions	1,764,515	1,533,061
Charge for Use of Intangible Assets	326,929	336,514
Printing And Stationery	184,780	217,005
Motor Vehicle Expenses	98,674	169,249
Repairs and Maintenance	74,041	35,254
Travel Costs	2,808,956	1,802,273
Bank Charges	74,268	39,306
IFRS Consultancy Services	450,000	2,532,860
Actuarial Fees	235,000	-
Legal Fees	30,168,412	871,258
Advertising Costs	171,931	-
Charge for use of Property and Equipment	670,280	973,743
Office Expenses	<u>2,545,153</u>	<u>2,661,026</u>
	<u>53,443,694</u>	<u>23,845,285</u>
13 Staff Costs		
Salaries and Wages	9,565,497	9,185,197
Staff Medical Scheme	264,870	340,288
Pension Contributions	489,516	473,183
Other Staff Costs	<u>1,126,940</u>	<u>771,063</u>
	<u>11,446,823</u>	<u>10,769,731</u>

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

	2023	2022
	KES	KES
14 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:		
Investment Income Less Expenses - Unregistered Scheme	<u>798,481</u>	<u>755,407</u>
Tax chargeable at 30% (2022: 30%)	<u>239,544</u>	<u>226,622</u>
Statement of Net Assets		
At 1st January	(884,088)	(1,110,710)
Charge for the Year	239,544	226,622
Payment in the Year	-	-
Tax Recoverable	<u>(644,543)</u>	<u>(884,088)</u>
15 Prior Year Adjustment	544,420	-
The prior year adjustment relates to a credit note for 2022 IFRS 9 consultancy fees recorded in the current year		

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Notes to the Financial Statements (Continued)

16 Investments	Value as at 1st July KES	Additions at Cost KES	Disposals Proceeds KES	Gain/ (Loss) on Disposal KES	Accrued Interest Adjustment KES	Fair Value/ Forex Change KES	IFRS 9 Provision KES	Value As At 30 June KES
Year Ended 30 June 2023								
Quoted Equities	336,046,210	12,793,611	(33,912,515)	3,665,927	-	(32,002,812)	-	286,590,420
Treasury Bonds	1,121,670,469	378,654,445	(391,764,939)	-	(4,852,272)	(40,254,123)	(12,378,363)	1,051,075,216
Corporate Bonds	5,313,737	-	(78,082)	-	(1,429)	(69,411)	50,326	5,215,141
Treasury Bills	4,604,483	-	(4,556,200)	-	(48,283)	-	-	-
	<u>1,467,634,899</u>	<u>391,448,055</u>	<u>(430,311,736)</u>	<u>3,665,927</u>	<u>(4,901,984)</u>	<u>(72,326,347)</u>	<u>(12,328,037)</u>	<u>1,342,880,778</u>
Fixed and Call Deposits	103,109,583	839,706,671	(891,200,000)	-	253,960	-	(914,939)	50,955,275
	<u>1,570,744,482</u>	<u>1,231,154,727</u>	<u>(1,321,511,736)</u>	<u>3,665,927</u>	<u>(4,648,024)</u>	<u>(72,326,347)</u>	<u>(13,242,976)</u>	<u>1,393,836,052</u>
Year Ended 30 June 2022								
Quoted Equities	433,009,429	12,052,724	-	-	-	(109,015,943)	-	336,046,210
Treasury Bonds	1,206,705,217	176,752,239	(230,251,040)	(6,370,388)	(91,050)	(48,293,529)	23,219,020	1,121,670,469
Corporate Bonds	-	5,260,070	-	-	125,220	4,989	(76,542)	5,313,737
Treasury Bills	8,956,785	4,556,200	(9,145,800)	-	11,353	-	225,945	4,604,483
	<u>1,648,671,431</u>	<u>198,621,233</u>	<u>(239,396,840)</u>	<u>(6,370,388)</u>	<u>45,523</u>	<u>(157,304,483)</u>	<u>23,368,423</u>	<u>1,467,634,899</u>
Fixed and Call Deposits	62,886,009	571,780,000	(530,860,000)	-	(1,263,221)	-	566,795	103,109,583
	<u>1,711,557,440</u>	<u>770,401,233</u>	<u>(770,256,840)</u>	<u>(6,370,388)</u>	<u>(1,217,698)</u>	<u>(157,304,483)</u>	<u>23,935,218</u>	<u>1,570,744,482</u>

Postal Corporation of Kenya Staff Retirement Benefits Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2023

Notes to the Financial Statements (Continued)

	2023	2022
	KES	KES
17 Contributions Due and Other Receivables		
Contributions Due for up to 30 Days	34,095,879	6,556,077
Contributions Due for more than 30 Days	1,195,369,754	1,188,813,677
Interest on Overdue Contributions	1,173,522,281	1,173,522,281
IFRS 9 Provision	<u>(2,393,477,597)</u>	<u>(2,163,177,444)</u>
	9,510,316	205,714,591
Investment Income Receivable	4,957,269	4,612,923
Prepaid Expenses	<u>160,333</u>	<u>135,148</u>
	<u>14,627,918</u>	<u>210,462,662</u>
18 Cash and Bank Balances		
Cash at Hand	83,783	100,000
Custodial Account	1,646,702	1,720,070
Operating Account	16,814,184	7,304,029
IFRS 9 Provision	<u>(46,228)</u>	<u>(128,142)</u>
	<u>18,498,442</u>	<u>8,995,957</u>
For Purposes of Cash Flow Statement, Cash and Cash Equivalents Comprise of the Following:		
Bank Balances	18,498,442	8,995,957
Fixed and Call Deposits Maturing Within 90 Days (Note 16)	<u>50,955,275</u>	<u>103,109,583</u>
	<u>69,453,717</u>	<u>112,105,540</u>
19 Unpaid Benefits and Other Payables		
Unpaid Benefits	82,295,002	48,176,391
Audit Fees Payable	814,558	473,193
IFRS 9 Consultancy Fees Payable	450,000	2,532,860
Fund Management Fees Payable	1,268,060	1,891,385
Custody Fees Payable	140,488	439,823
RBA Levy Payable	2,032,451	570,674
Due to PCK Staff Pension Scheme (Note 22)	49,068,299	44,695,805
Sundry Creditors	<u>6,784,959</u>	<u>5,493,068</u>
	<u>142,853,818</u>	<u>104,273,199</u>

Postal Corporation of Kenya Staff Retirement Benefits Scheme
Annual Report and Financial Statements
For the Year Ended 30 June 2023

Notes to the Financial Statements (Continued)

	2023	2022
	KES	KES
20 Members Balances		
At 1st July	1,686,813,990	1,859,231,196
Prior Year Adjustments	544,420	-
Contributions for the Year	70,517,062	115,351,601
Investment Income	172,918,950	166,734,548
Fair Value Gain on Investments	(72,326,347)	(157,304,483)
Provision for Impairment	(241,975,968)	(297,334,708)
Withdrawals for the Year	(261,341,914)	(176,105,926)
Unpaid Benefits Written Back	-	216,836,463
Investment Management Expenses	(5,266,994)	(5,753,063)
Administration Expenses	(53,443,694)	(23,845,285)
Staff Costs	(11,446,823)	(10,769,731)
Taxation	(239,544)	(226,622)
At 30th June	<u>1,284,753,138</u>	<u>1,686,813,990</u>
		1,686,813,990

21 Contingent Liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 30 June 2023

22 Related Party Transactions

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

	2023	2022
	KES	KES
Due to PCK Staff pension scheme (note 19)	<u>49,068,299</u>	<u>44,695,805</u>

23 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 2023

Appendices

Appendix I: Regional Quoted Equities

Description	Number of Shares						Market Value as at 01.07.2022	Additions Value	Disposal Value	Gain/(Loss) Realised on Disposal	Unrealised Market (Loss) / Gain	Values as at 30-06-23
	01-Jul-22	Additions	Bonus	(Disposals)	30-Jun-23							
ABSA Bank Kenya Plc Ord 0.50	827,410	-	-	-	827,410	8,646,435	-	-	-	1,117,004	9,763,438	
Diamond Trust Bank Kenya Ltd Ord 4.00	67,450	-	-	-	67,450	3,369,128	-	-	-	(6,745)	3,362,383	
Equity Group Holdings Plc Ord 0.50	1,070,700	-	-	-	1,070,700	46,040,100	-	-	-	(5,085,825)	40,954,275	
KCB Group Plc Ord 1.00	1,236,219	-	-	-	1,236,219	47,779,864	-	-	-	(11,558,648)	36,221,217	
NCBA Group Plc Ord 5.00	919,139	-	-	-	919,139	21,691,680	-	-	-	14,016,870	35,708,550	
The Co-operative Bank of Kenya Ltd Ord 1.00	1,881,199	-	-	-	1,881,199	20,505,069	-	-	-	2,445,559	22,950,628	
Nation Media Group Plc Ord. 2.50	-	-	-	-	-	-	-	-	-	-	-	
ARM Cement Plc Ord 1.00	681,470	-	-	-	681,470	3,782,159	-	-	-	-	3,782,159	
Bamburi Cement Ltd Ord 5.00	106,805	-	-	-	106,805	3,668,752	-	-	-	(977,266)	2,691,486	
KenGen Co. Plc Ord. 2.50	890,105	-	-	-	890,105	3,008,555	-	-	-	(952,412)	2,056,143	
Kenya Power & Lighting Co Plc Ord 2.50	647,688	-	-	-	647,688	926,194	-	-	-	97,153	1,023,347	
Jubilee Holdings Ltd Ord 5.00	1,633	-	-	-	1,633	423,764	-	-	-	(129,824)	293,940	
Liberty Kenya Holdings Ltd Ord. 1.00	127,280	-	-	-	127,280	687,312	-	-	-	(171,828)	515,484	
British American Tobacco Kenya Plc Ord 10.00	10,500	7,000	-	(2,000)	15,500	4,281,375	3,009,511	(929,096)	113,596	232,239	6,707,625	
East African Breweries Ltd Ord 2.00	209,680	12,000	-	(145,240)	76,440	28,778,580	1,905,856	(27,886,080)	7,824,478	1,225,366	11,848,200	
Mumias Sugar Co. Ltd Ord 2.00	259,700	-	-	-	259,700	70,119	-	-	-	-	70,119	
Safaricom Plc Ord 0.05	4,943,700	368,000	-	-	5,311,700	123,345,315	7,878,244	-	-	(38,268,809)	92,954,750	
Stanbic Uganda Limited (UGX)	17,222,706	-	-	(8,611,353)	8,611,353	11,883,667	-	(3,634,808)	(3,670,203)	3,699,437	8,278,094	
Development Finance Company of Uganda Ltd	151,800	-	-	-	151,800	2,617,032	-	-	-	(1,084,626)	1,532,406	
Bank of Baroda Uganda Limited	1,135,366	-	2,838,415	(567,683)	3,406,098	2,846,476	-	(1,462,531)	(601,962)	1,287,562	2,069,545	
Umeme Uganda Limited	226,250	-	-	-	226,250	1,694,653	-	-	-	2,111,980	3,806,634	
Atlas Development & Support Services Limited	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	32,616,800	387,000	2,838,415	9,326,276	26,515,939	336,046,228	12,793,611	(33,912,515)	3,665,909	(32,002,812)	286,590,420	

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Appendices (Continued)

Appendix II: Treasury Bonds

Issue No.	Opening Balances as at 01-07-22			Purchases and Sales In FY 2022/2023				Realised Gain/(Loss) On Disposal	Dirty/ Full Price per 100	UnRealised Market (Loss)/ Gain	Interest Accrued/ Discount Earned	Closing Balances as at 30-06-23	
	Face Value	Dirty/Market Price/Value	Price/Market Value	Additions at Cost	Additions at Nominal	Disposal Proceeds	Disposal Nominal					Face Value	Dirty Price
TBOND FXD1/2019/15	3,000,000	3,015,930	-	-	-	-	-	-	95	(156,460)	167,424	3,000,000	2,860,530
TBOND FXD1/2019/10	4,300,000	4,410,757	-	-	-	-	-	-	97	(250,727)	191,010	4,300,000	4,161,497
TBOND FXD1/2019/5	5,000,000	5,194,148	-	-	-	-	-	-	104	(8,588)	201,855	5,000,000	5,187,110
TBOND FXD1/2014/10	31,500,000	33,608,059	-	-	-	-	-	-	106	(279,014)	1,739,178	31,500,000	33,339,600
TBOND FXD1/2018/15	30,000,000	28,671,600	-	-	-	-	-	-	91	(1,530,598)	406,620	30,000,000	27,151,440
TBOND FXD1/2010/15	15,000,000	14,931,323	-	-	-	-	-	-	98	(193,731)	460,410	15,000,000	14,741,820
TBOND FXD2/2019/10	38,000,000	38,469,611	-	52,000,000	-	-	-	-	94	(4,370,798)	2,463,390	90,000,000	84,917,970
TBOND IFB1/2013/12	10,304,448	10,476,481	-	-	-	-	-	-	100	(215,919)	317,624	10,304,448	10,263,673
TBOND FXD1/2018/10	60,000,000	62,477,862	-	10,000,000	-	-	-	-	98	(3,712,721)	3,171,490	70,000,000	68,923,610
TBOND FXD2/2013/15	59,600,000	59,430,539	-	9,684,497	-	-	-	-	94	(3,144,481)	1,454,002	59,600,000	56,305,729
TBOND FXD1/2019/20	50,000,000	48,074,478	-	-	-	-	-	-	92	(2,252,213)	1,432,300	50,000,000	45,839,950
TBOND IFB1/2020/9	10,000,000	9,841,330	-	-	-	-	-	-	93	(508,320)	241,440	10,000,000	9,335,990
TBOND FXD4/2019/10	33,500,000	32,627,708	-	-	-	-	-	-	92	(1,807,347)	440,760	33,500,000	30,831,658
TBOND FXD3/2019/15	25,000,000	24,256,934	-	-	-	-	-	-	92	(1,253,616)	1,339,100	25,000,000	23,011,800
TBOND FXD2/2019/5	32,000,000	32,166,030	-	-	-	-	-	-	101	19,448	348,260	22,000,000	22,140,162
TBOND FXD1/2009/15	70,000,000	73,037,337	-	-	(9,948,967)	(10,000,000)	-	-	102	(1,402,590)	1,947,120	70,000,000	71,658,790
TBOND FXD3/2007/15	75,000,000	77,299,916	-	-	-	-	52,397	-	-	(4)	-	-	-
TBOND FXD1/2017/5	89,400,000	93,938,700	-	-	(75,000,000)	(75,000,000)	(960,626)	-	-	(1)	-	-	-
TBOND IFB1/2011/12	3,900,000	4,097,391	-	-	(89,400,000)	(89,400,000)	(589,417)	-	-	(52,389)	131,141	3,900,000	4,046,285
TBOND FXD1/2012/15	62,200,000	60,986,920	-	-	(37,041,211)	(40,000,000)	(959,252)	-	104	(1,014,353)	731,268	22,200,000	20,673,328
TBOND IFB1/2017/12	4,000,000	4,338,372	-	-	-	-	-	-	93	(197,032)	178,572	4,000,000	4,142,716
TBOND FXD1/2013/10	8,700,000	8,919,202	-	-	(8,836,361)	(8,700,000)	(53,272)	-	104	(0)	-	-	-
TBOND FXD2/2017/5	10,000,000	10,367,483	-	-	(10,049,629)	(10,000,000)	(66,826)	-	-	(0)	-	-	-
TBOND FXD3/2019/10	14,000,000	13,627,103	-	-	-	-	-	-	-	(0)	-	-	-
TBOND FXD1/2008/15	10,000,000	10,553,335	-	-	(10,000,000)	(10,000,000)	(806,666)	-	92	(698,054)	606,858	14,000,000	12,933,480
TBOND FXD1/2020/5	17,000,000	17,211,652	-	-	-	-	-	-	-	624,210	-	-	-
TBOND IFB1/2018/20	15,000,000	14,352,915	-	-	(4,499,972)	(5,000,000)	-	-	99	(467,075)	288,796	17,000,000	16,750,032
TBOND FXD1/2013/15	32,000,000	31,630,062	-	-	-	-	-	-	95	(312,658)	151,020	10,000,000	9,469,710
TBOND FXD1/2018/5	20,000,000	21,026,389	-	-	(20,000,000)	(20,000,000)	(343,863)	-	94	(1,543,215)	1,354,944	32,000,000	30,096,736
TBOND FXD2/2018/10	13,000,000	12,897,812	-	-	-	-	-	-	-	0	-	-	-
TBOND IFB1/2017/7	20,000,000	20,569,340	-	-	(10,000,000)	(10,000,000)	-	-	93	(749,158)	80,366	13,000,000	12,153,115
TBOND IFB1/2015/12	15,600,000	15,822,971	-	-	-	-	-	-	102	(267,800)	133,930	10,000,000	10,174,490
			-	-	-	-	-	-	101	(130,556)	480,854	15,600,000	15,697,126

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Appendices (Continued)

Appendix II: Treasury Bonds (Continued)

Issue No.	Opening Balances as at 01-07-22		Purchases and Sales In FY 2022/2023					Dirty/ Full Price per 100	Realised Gain/(Loss) on Disposal	UnRealised Market (Loss)/ Gain	Interest Accrued/ Discount Earned	Closing Balances as at 30-06-23	
	Face Value	Dirty Price/Market Value	Additions at Cost	Additions at Nominal	Disposal Proceeds	Disposal Nominal	Face Value					Dirty Price	
TBOND IFB1/2014/12	26,500,000	26,701,983	-	-	(11,069,315)	(11,069,315)	98	(196,680)	(55,871)	345,076	15,430,685	15,140,604	
TBOND FXD1/2017/10	37,000,000	39,970,106	20,548,591	21,000,000	(37,428,147)	(38,000,000)	102	(1,119,442)	(694,111)	1,125,620	20,000,000	20,333,400	
TBOND IFB1/2016/15	21,000,000	20,724,606	-	-	-	-	93	-	(1,220,667)	512,316	21,000,000	19,510,869	
TBOND FXD1/2020/15	4,000,000	3,932,429	-	-	-	-	93	-	(209,286)	182,228	4,000,000	3,724,544	
TBOND FXD1/2011/20	10,000,000	8,377,946	-	-	-	-	80	-	(376,230)	126,370	10,000,000	8,004,460	
TBOND FXD2/2010/15	1,000,000	920,850	-	-	-	-	90	-	(18,486)	4,451	1,000,000	902,611	
TBOND FXD1/2021/2	3,000,000	3,136,805	-	-	(3,029,056)	(3,000,000)	-	25,941	0	-	-	-	
TBOND FXD1/2012/20	27,000,000	24,969,932	-	-	-	-	88	-	(1,237,306)	409,455	27,000,000	23,741,532	
TBOND FXD2/2019/15	17,000,000	16,305,517	-	-	-	-	91	-	(880,730)	315,197	17,000,000	15,430,730	
TBOND FXD2/2018/20	15,000,000	15,184,995	-	-	-	-	96	-	(729,779)	859,455	15,000,000	14,460,660	
TBOND FXD1/2021/25	5,000,000	5,091,498	-	-	-	-	96	-	(294,581)	101,370	5,000,000	4,798,830	
TBOND IFB1/2021/16	20,000,000	20,046,340	-	-	-	-	99	-	(300,480)	1,064,060	20,000,000	19,752,580	
TBOND FXD1/2021/5	15,000,000	14,743,792	-	-	-	-	94	-	(705,317)	213,765	15,000,000	14,043,120	
TBOND IFB1/2022/19	6,000,000	6,214,128	-	-	-	-	98	-	(358,596)	277,824	6,000,000	5,857,674	
TBOND FXD1/2022/10	3,000,000	3,035,433	48,990,157	50,000,000	-	-	96	-	(1,998,996)	903,544	53,000,000	50,880,106	
TBOND FXD1/2022/20	-	-	6,730,219	7,000,000	-	-	98	-	(232,000)	354,200	7,000,000	6,852,419	
TBOND IFB1/2022/18	15,000,000	15,184,890	-	-	(14,981,834)	(15,000,000)	99	(106,786)	(0)	-	-	-	
TBOND FXD1/2021/21	15,000,000	14,956,695	35,965,264	37,700,000	-	-	101	-	873,996	2,010,031	52,700,000	53,239,121	
TBOND FXD1/2022/3	-	-	4,923,394	5,000,000	-	-	100	-	(63,374)	130,915	5,000,000	4,990,935	
TBOND FXD1/2022/15	-	-	49,911,015	50,000,000	(29,980,041)	(30,000,000)	97	33,431	(1,023,746)	513,240	20,000,000	19,453,900	
TBOND FXD2/2018/15	-	-	71,157,088	75,000,000	-	-	92	-	(4,137,163)	1,944,000	75,000,000	68,963,925	
TBOND IFB1/2022/14	-	-	20,104,000	20,000,000	(20,059,812)	(20,000,000)	99	(44,188)	-	-	-	-	
TBOND FXD1/2023/10	-	-	9,979,500	10,000,000	-	-	102	-	(279,700)	532,610	10,000,000	10,232,410	
TBOND IFB1/2023/17	-	-	30,017,948	30,000,000	-	-	104	-	(51,428)	1,293,540	30,000,000	31,260,060	
TBOND IFB1/2020/11	-	-	13,248,814	15,000,000	-	-	91	-	(196,009)	300,948	15,000,000	13,070,772	
TBOND FXD1/2023/3	-	-	4,910,550	5,000,000	-	-	102	-	85,915	89,900	5,000,000	5,086,365	
TBOND IFB1/2022/6	-	-	3,100,389	3,100,000	-	-	101	-	8,558	28,136	3,100,000	3,137,082	
IFRS 9 provision	-	(16,157,152)	-	-	-	-	-	-	-	-	-	(28,601,840)	
Total	1,127,504,448	1,121,670,483	378,654,445	390,800,000	(391,324,347)	(395,169,315)	5,211	(5,135,247)	(39,971,148)	34,097,983	1,123,135,133	1,051,075,216	

Postal Corporation of Kenya Staff Retirement Benefits Scheme
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Appendices (Continued)

Appendix III: Corporate Bonds

Issue No.	Opening Balances as at 01-07-22			Purchases and Sales In FY 2022/2023			Closing Balances as at 30-06-23					
	Face Value	Interest Accrued / Discount Earned	Dirty Price/Market Value	Cost	Proceeds	Disposal Nominal	Realised Gain/ (Loss) On Disposal	UnRealised Market (Loss) / Gain	Face Value	Clean Price	Interest Accrued / Discount Earned	Dirty Price
CORP BD EABL12.25%	2,950,000	61,384	3,014,959	-	-	-	-	(38,869)	2,950,000	2,914,706	62,204	2,976,910
CORP BD EABL12.25%	1,510,000	31,420	1,543,250	-	-	-	-	(19,896)	1,510,000	1,491,934	31,840	1,523,774
CORP BD KMRC FXD	800,000	32,418	832,071	-	(78,082)	(78,082)	34	(10,680)	721,918	710,925	29,749	740,674
CORP BD CHASE BANK	6,000,000	-	6,000,000	-	-	-	-	-	6,000,000	6,000,000	-	6,000,000
CORP BD CHASE BANK	6,000,000	-	6,000,000	-	-	-	-	-	6,000,000	6,000,000	-	6,000,000
Impairment- Chase Bank Bond	(12,000,000)	-	(12,000,000)	-	-	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Impairment-IFRS 9 Provision	-	-	(76,542)	-	-	-	-	-	-	-	-	(26,216)
Total	5,260,000	125,221	5,313,738	-	(78,082)	(78,082)	34	(69,445)	5,181,918	5,117,566	123,792	5,215,142