

CICAM INCOME DRAWDOWN FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(RBA REGISTRATION NUMBER 02065)

CICAM INCOME DRAWDOWN FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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CICAM INCOME DRAWDOWN FUND

FUND INFORMATION

CORPORATE TRUSTEE	Kingsland Court Trustee Services Limited First Floor Flamingo Tower, Mara Road P. O. Box 25093-00100 Nairobi.
INDEPENDENT AUDITOR	Kirenge & Associates Certified Public Accountants(K) Mogotio road, Off chiromo lane, Westlands P.O Box 6578-00200 Nairobi
ADMINISTRATOR	CPF Financial Services Ltd. CPF House 7th Floor, Haile Selassie Avenue P.O.Box 28938-00200 NAIROBI
CUSTODIAN	Cooperative Bank of Kenya Co-operative House Haile Selassie Avenue, P.O Box 48231-00100 Nairobi, Kenya.
INVESTMENT MANAGER	CIC Asset Management Limited, CIC Plaza, Mara road, Upperhill, P.O. Box 59485-00200, Nairobi.
REGISTERED OFFICE	CIC Plaza, Mara road, Upperhill, P.O. Box 59485-00200, Nairobi.

CICAM INCOME DRAWDOWN FUND

REPORT OF THE TRUSTEE

The Trustee have pleasure in presenting to the members of the Scheme their report together with the audited financial statements for the year ended 31 December 2024.

1 ESTABLISHMENT, NATURE AND STATUS OF THE SCHEME

The CICAM Income Drawdown Fund was established, and is governed, by a Trust Deed dated 1st January 2018. It is a defined contribution Fund and provides, under the rules of the Fund, retirement benefits for the members of CICAM Income Drawdown Fund. CICAM Income Drawdown Fund is an ethical retirement benefit Scheme governed by Retirement Benefit Act.

The objectives of the fund are:

- The provision of partial payments to members of the scheme on a monthly basis until the fund is exhausted.
- The provision of partial benefits to dependants of the deceased members.

It is an exempt approved Scheme under the Kenyan Income Tax Act and is registered with the Retirement Benefits Authority.

The Scheme consists of:

- (a) The lump sum contributions made since the commencement date to the Fund by the by the members and the investments for the time being representing the same; and
- (b) The income from such investments and the investments representing accumulations of such income.

2 INVESTMENTS

Under the terms of their appointment, CIC Asset Management Limited are responsible for investment of the available Scheme. However, the overall responsibility for investment lies with the trustee.

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

CICAM INCOME DRAWDOWN FUND

REPORT OF THE TRUSTEE (Continued)

3 SCHEME MEMBERSHIP

	2024	2023
Members as at 1.01.2024	97	92
Adjustment	34	(16)
Addition in the year	32	40
Full leavers during the year	0	(19)
Deferred	<u>4</u>	<u>0</u>
Members as at 31.12.2024	<u>167</u>	<u>97</u>

4 FINANCIAL REVIEW

The statement of changes in net assets available for benefits shows an increase in the net assets available for benefits for the year of Kshs 124,802,228, (2023 Kshs 129,489,850) and the statement of net assets available for benefits shows the Scheme's net assets as at 31 December 2024 amounted to Kshs 548,937,767, (2023 Kshs 424,135,538).

5 TRUSTEE

The Trustee are appointed in compliance with Retirement Benefits Authority rules. The current Trustee are shown on page 2.

6 STATUTORY ASPECTS

The Trustee have complied with the requirements of the Kenyan Retirement Benefits Act and the Retirement Benefits Regulations 2000.

7 AUDITORS

Kirenge & Associates, Certified Public Accountants (K), were appointed and have expressed their willingness to continue in office in accordance with Section 34(3) of Retirement Benefit Act.

SIGNED ON BEHALF OF TRUSTEE


Trustee

.....28 March.....2025
Nairobi

CICAM INCOME DRAWDOWN FUND

SCHEME GOVERNANCE DISCLOSURE STATEMENT

1. Trustee in the office.

Name of trustee	Age	Category	No. of meetings attended	Certified (Yes/No)	Highest qualification	Membership of other boards
Kingsland Court Trustee Services Limited	N/A	Corporate Trustee	4	YES	N/A	YES

2. The Corporate Trustee held 4 meetings during the year ending the **31 Dec 2024**. The meetings were held on the dates below:

(a) Q4 - 19/3/2024

(b) Q1 - 21/5/2024

(c) AGM - 28/6/24

(d) Q2 - 20/8/24

(e) Q3 - 19/11/2024

3. The composition of the Trustee - The fund is held by a Corporate Trustee

4. Committees of the board: **There were no Trustee Committees**

5. Fiduciary responsibility statement

The board of Trustee is the governing body of the **CICAM INCOME DRAWDON FUND** and is responsible for the corporate governance of the scheme. The Trustee are responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the Trustee embraced their fiduciary responsibility by:

(a) Acting honestly and did not improperly use inside information or abuse their position

(b) Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and

(c) Performing their duties with the requisite degree of skill.

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

The Trustee has ensured that the fund manager has carried out all scheme investments and that all scheme assets and funds are held by the custodian.

The board charter for the scheme has been developed.

6. Responsible corporate citizenship

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

CICAM INCOME DRAWDOWN FUND

SCHEME GOVERNANCE DISCLOSURE STATEMENT (CONTINUED)

7. Key outcomes

The Corporate Trustee seeks to achieve the following:

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

The Corporate Trustee will measure the progress towards these outcomes through:

- (a) Triennial members' survey score. The latest score was N/A.%
- (b) Regular reports and feedback from the sponsor. No. of reports **The Sponsor was represented in all meetings of the Scheme and received reports for Q1-Q4 2024**

8. Annual general meeting- **The Annual General Meeting for the Year Ended 31 Dec 2023 was held on 28 June 2024.**

The Corporate Trustee held the annual general meeting on the **28 June 2024**, virtually at which **...71...** members, making up **...53...**% of scheme members attended. The board adequately addressed the members' concerns.

9. Members' sensitization- **None was held**

The board conducted the following. Sensitization activities	Date held	No. of members who attended	Remarks
Retirement planning seminar	N/A	N/A	N/A

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


10. Trustee remuneration policy

During the year under review, the **Corporate Trustee** was paid an annual fee at the rate of **0.125% of the fund's value.**

The payments complied with the trustee's remuneration policy of the scheme which was approved by members at the annual general meeting.

11. Corporate Trustee evaluation

The Corporate Trustee undertook a board evaluation in the year under review. The Trustee review process was facilitated (*externally or internally*) and the process took the form of (*questionnaire, interviews, etc.*). The board was rated (*use the evaluation's rating*). - **None**

Signed  Dated **28 March 2025** (Chairperson)

CICAM INCOME DRAWDOWN FUND

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the Trustees to prepare financial statements for each financial year which show a true and fair view of the financial transactions of the Scheme for the year and of disposition at year end of its assets and liabilities. It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act and for such internal controls as Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The Trustees accept responsibility for the 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 Kenyan Retirement Benefits Act. The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the Scheme and of its operating results. 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 adequate systems of internal financial control.

The Trustees certify that to their best 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 be able to meet its obligations for at least the next twelve months from the date of this statement.

FOR AND ON BEHALF OF TRUSTEE

.....Trustee

Dated.....28 March 2025



KIRENGE & ASSOCIATES

Certified Public Accountants (K)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CICAM INCOME DRAWDOWN FUND

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of CICAM Income Drawdown Fund set out on pages 12 to 20, which comprise the statement of net assets available for benefits as at 31 December 2024, and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Kenya Retirement Benefits Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 other ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal controls as Trustees determine are 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. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

Partners: Joseph M. Kirenge
Associates: J. Irungu, M. Kamau

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REPORT OF THE INDEPENDENT AUDITORS (Continued) TO THE MEMBERS OF CICAM INCOME DRAWDOWN FUND

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 judgements and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Trustees, 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.

We are also required to provide the Trustees with a statement that we have complied with the relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT (Continued)
TO THE MEMBERS OF CICAM INCOME DRAWDOWN FUND

Report on Other Legal and Regulatory Requirements

As required by the Kenya Retirement Benefit Act, we report to you, based on our audit, that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the Scheme, so far as appears from our examination of those books of account; and
- iii) The Scheme's statement of net assets available for benefits agrees with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Joseph M Kirenge - P/No 1930.

JKIRENGE

FOR AND ON BEHALF OF:
KIRENGE & ASSOCIATES
Certified Public Accountants (K)
Nairobi

28TH MARCH, 2025

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CHANGES IN NET ASSET AVAILABLE FOR BENEFITS

	Note	2024 Kshs	2023 Kshs
Income from dealing with members			
Contributions for the year	4	<u>111,788,450</u>	<u>172,348,452</u>
Outgoings from dealing with members			
Benefits paid	5	<u>(68,431,857)</u>	<u>(63,335,325)</u>
Net addition from dealings with members		<u>43,356,594</u>	<u>109,013,127</u>
Returns on investments			
Investment Income	6	<u>85,558,222</u>	<u>24,058,779</u>
		85,558,222	24,058,779
Taxation charge	7	<u>(345,673)</u>	<u>(404,246)</u>
Less: Investment management expenses	8	<u>(3,587,114)</u>	<u>(3,102,410)</u>
Net returns on investment		<u>81,625,435</u>	<u>20,552,123</u>
Administrative Expenses	9	<u>(179,800)</u>	<u>(75,400)</u>
		<u>81,445,635</u>	<u>20,476,723</u>
Increase in net assets available for benefits for the year		124,802,228	129,489,850
Net assets available for benefits as at 1 January		<u>424,135,539</u>	<u>294,645,689</u>
Net assets available for benefits as at 31 December		<u><u>548,937,767</u></u>	<u><u>424,135,538</u></u>

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Note	2024 Kshs	2023 Kshs
Investments			
Financial assets	10	<u>550,124,071</u>	<u>423,543,829</u>
		<u>550,124,071</u>	<u>423,543,829</u>
Current Assets			
Tax recoverable		1,404,801	901,558
Cash at bank	11	<u>454,584</u>	<u>2,193,706</u>
		<u>1,859,385</u>	<u>3,095,264</u>
Current Liabilities			
Payables and Accruals	12	(3,045,690)	(2,503,555)
Tax payable	7	<u>-</u>	<u>-</u>
		<u>(3,045,690)</u>	<u>(2,503,555)</u>
Net Current (Liabilities)/ Assets		<u>(1,186,304)</u>	<u>591,708</u>
Net Assets of the scheme at 31 December		<u><u>548,937,767</u></u>	<u><u>424,135,538</u></u>

These financial statements set out on pages 12 to 20 were approved by the Trustees on28 March.....2025

.......... **TRUSTEE**

.......... **TRUSTEE**

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CASH FLOWS

	2024 Kshs	2023 Kshs
Cash flows from members		
Contributions received	111,788,450	172,348,452
Benefits paid	(68,431,857)	(63,335,325)
Administrative expenses	(179,800)	(75,400)
Taxation paid	(848,917)	-
Net cash generated from operating activities	42,327,877	108,937,727
Cash flows from investing activities		
Sale of investments	813,476,328	446,654,000
Purchase of investments	(921,134,545)	(594,499,715)
Investment income received	65,854,616	45,145,294
Gain on sale of investment	-	-
Increase in accrued interest	781,582	-
Increase/Decrease in payables	542,134	(945,332)
Investment management expenses paid	(3,587,114)	(3,102,410)
Net cash used investing activities	(44,067,000)	(106,748,163)
Net increase in cash and cash equivalents	(1,739,122)	2,189,562
Analysis of changes in cash and cash equivalents		
Cash and cash equivalents at 1 January	2,193,706	4,144
Cash and cash equivalents at 31 December	454,584	2,193,706

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis and are in accordance and comply with International Financial Reporting Standards. The Retirement Benefit Act and with the Retirement Benefits (Income Drawdown Funds) Regulations, 2023. The financial statements summarise the transactions of the fund and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the fund which does take account of such obligations is dealt with in the statements by the actuary and these financial statements should be read in conjunction with it.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumption and estimates are significant to the financial statements are disclosed in accounting policy below.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Fund

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2023 that would be expected to have a material impact on the Fund.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Scheme, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Scheme is yet to assess the full impact of IFRS 9.

IFRS 15, 'Revenue from contracts with customers', which replaces IAS 11, IAS 18 and their interpretations (SIC 13 and IFRIC 13, 15, and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and markets. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing concept of risks and rewards. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The new standard is effective for annual periods beginning on or after 1 January 2018. The Scheme is currently assessing the impact of the amendment on its financial statements.

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

(a) Basis of preparation(Continued)

Changes in accounting policy and disclosures(Continued)

(ii) *New standards and interpretations not yet adopted(Continued)*

IFRS 16, 'Leases', will replace the current IAS 17 standard on leases. The new standard requires that for lessees all leases, regardless of whether they are operating or financial in nature, will be on balance sheet and accounted for as "financial leases". IFRS 16 will significant change the way lessees account for leases, however lessor accounting remains largely the same and the classification as a finance lease or operating lease is still a consideration. This means that straight-lining of operating leases will remain for lessors. The effective date is 1 January 2019.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Kenya Shillings (Shs) rounded to the nearest thousand, which is the Fund's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Kenya Shillings using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the in the statement of changes in net assets available for benefits.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of changes in net assets available for benefits.

(c) Contributions receivable

Contributions from the members are accounted for in the period in which they fall due.

(d) Transfers

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

(e) Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due.

(f) Income from investments

(i) Interest income is recognised for all interest bearing instruments using the effective yield method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

(ii) Dividends are recognised as income in the period in which the right to receive payment is established.

(g) Financial assets

The Fund classifies its financial assets in the following categories: financial assets at fair value through statement of changes in net assets available for benefits and receivables.

All purchases and sales of financial assets at fair value through statement of changes in net assets available for benefits are recognised on the trade date, which is the date the Fund commits to purchase or sell the asset.

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

(g) Financial assets (Continued)

Financial assets carried at fair value through statement of changes in net assets available for benefits are initially recognised at fair value, and transaction costs are expensed. These financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Gains and losses arising from of the financial assets through statement of changes in net assets available for benefits are recognised in the statement of changes in net assets available for benefits.

The fair values of quoted investments are based on current market prices. If the market for an investment is not active (and for unlisted securities), the trustees establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Receivables are carried at amortised cost using the effective interest rate method.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments maturing within 3 months from the year end i.e. treasury and other eligible bills and bonds.

(i) Tax status of the Fund

CICAM Income Draw Down has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income.

The scheme receives contributions in excess of the limits set out in the Income Tax Act. A tax charge at 30% is recorded in respect of the proportionate investment income earned on these contributions.

(j) Comparatives

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

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In particular, critical estimates are made by the Trustee in determining the fair value of investments that are not traded in an active market.

3 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Fund's activities expose it to a variety of financial risks, market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Fund does not hedge any risks.

Risk management is carried out by the investment manager under policies and guidelines approved by the trustee.

(i) Interest rate risk

The Fund's investments in variable rate corporate bonds and bank deposits expose it to cash flow interest rate risk and its investments in fixed rate government securities, corporate bonds and bank deposits expose it to fair value interest rate risk. The investment managers advise the trustees on the appropriate balance of the portfolio between equity, fixed rate interest and variable rate interest investments. The Fund has no interest bearing liabilities.

(ii) Price risk

The Fund is exposed to equity price risk in respect of its investments in quoted and unquoted shares, both local and foreign. The exposure to price risk is managed primarily by setting limits on the percentage of net assets available for benefits that may be invested in equity and by ensuring sufficient diversity of the investment portfolio.

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES(Continued)

Credit risk

Credit risk arises from investments other than equity investments, contributions due, other receivables and cash and cash equivalents. The Fund does not have any significant concentrations of credit risk. The investment manager assesses the credit quality of each investment, taking into account its age and liability profile, past experience and other factors.

	2024 Kshs	2023 Kshs
Financial assets		
Treasury Bonds	504,399,806	360,567,524
Call Deposit	36,661,268	62,976,305
	<u>541,061,074</u>	<u>423,543,829</u>

No collateral is held for any of the above assets. No other financial assets are either past due or impaired.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The trustee agree with the investment manager on the amount to be invested in assets that can be easily liquidated.

All financial liabilities at 31 December 2024 were payable within 90 days.

Capital risk management

The capital of the Fund is represented by the net assets available for benefits. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide benefits for members and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate.

The Trustee monitor capital on the basis of the value of net assets attributable to members. To achieve optimal return from the Funds' assets, the Trustee has formulated investment policies which set benchmarks upon which the investment manager is monitored.

4 CONTRIBUTIONS RECEIVED	2024 Kshs	2023 Kshs
Fund received	111,788,450	172,348,452
	<u>111,788,450</u>	<u>172,348,452</u>
5 BENEFITS PAID	2024 Kshs	2023 Kshs
Withdrawal Benefits	68,431,857	63,335,325
	<u>68,431,857</u>	<u>63,335,325</u>
6 INVESTMENT INCOME	2024 Kshs	2023 Kshs
Realized Income		
Interest on Treasury Bonds	51,182,028	38,260,976
Interest on Fixed and call deposits	14,445,532	6,884,319
Interest on Treasury bills	227,055	-
	<u>65,854,616</u>	<u>45,145,294</u>
Unrealized income		
Revaluation loss on Treasury Bonds	19,703,607	(21,086,515)
	<u>85,558,222</u>	<u>24,058,779</u>

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TAXATION

The Fund has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income. The scheme receives contributions in excess of the limits set out in the Income Tax Act. A tax charge is recorded in respect of investment income earned on these contributions.

The tax has been computed as follows:

	2024 Kshs	2023 Kshs
a Total investment income	65,854,616	45,145,294
Less: Income relating to contributions within allowable limits	<u>(63,916,804)</u>	<u>(43,695,777)</u>
Investment income relating to transfer to unregistered scheme	1,937,812	1,449,518
Less: Allocated administrative expenses	(110,844)	(102,033)
Less: Interest Income from Infrastructure bonds	<u>(674,724)</u>	<u>-</u>
Taxable Income	<u>1,152,245</u>	<u>1,347,486</u>
Tax charges @ 30%	<u>345,673</u>	<u>404,246</u>
b Tax payable		
As at 1 January	(901,558)	(1,305,803)
Tax charge for the year	<u>345,673</u>	<u>404,246</u>
	(555,884)	(901,558)
Tax paid	<u>(848,917)</u>	<u>-</u>
Tax recoverable	<u>(1,404,801)</u>	<u>(901,558)</u>

	2024 Kshs	2023 Kshs
8 INVESTMENT MANAGEMENT EXPENSES		
Custody Fees	814,134	629,736
Management Fees	1,764,326	1,380,334
Administration Fees	307,271	264,139
Trustee fees	<u>701,384</u>	<u>828,202</u>
	<u>3,587,114</u>	<u>3,102,410</u>
9 ADMINISTRATIVE EXPENSES		
Audit Fees	75,400	75,400
IPS preparation	<u>104,400</u>	<u>-</u>
	<u>179,800</u>	<u>75,400</u>

CICAM INCOME DRAWDOWN FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 INVESTMENTS

Financial assets

Year ended 31 December
2024

	Value at 01/01/2024	Purchases	Sales	Accrual change	Realised gain/(loss)	Unrealised gain/(loss)	Value at 31/12/2024
	Kshs	Kshs	Kshs		Kshs	Kshs	Kshs
Treasury Bonds	360,567,524	124,128,675	-		-	19,703,607	504,399,806
Treasury Bills	-	8,835,942	-	227,055	-	-	9,062,997
Fixed & Call Deposit	62,976,305	788,169,928	(813,476,328)	(1,008,637)	-	-	36,661,268
Total	423,543,829	921,134,545	(813,476,328)	(781,582)	-	19,703,607	550,124,071

Year ended 31 December
2023

	Value at 01/01/2023	Purchases	Sales	Accrual change	Realised gain/(loss)	Unrealised gain/(loss)	Value at 31/12/2023
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Treasury Bonds	240,445,720	141,208,319	-	-	-	(21,086,515)	360,567,524
Fixed & Call Deposit	56,338,909	453,291,396	(446,654,000)	-	-	-	62,976,305
Total	296,784,629	594,499,715	(446,654,000)	-	-	(21,086,515)	423,543,829

11 CASH AT BANK

Cooperative Bank Custody

Balance as at 31 December

2024	2023
Kshs	Kshs
454,584	2,193,706
454,584	2,193,706

12 PAYABLES & ACCRUALS

Audit fees payable
Benefit payable
Administration fees payable
Custodial Fees Payable
Fund Management Fees Payable
Corporate Trustee fees payable

2024	2023
Kshs	Kshs
75,400	75,400
467,600	467,614
246,146	401,890
1,127,872	589,473
489,543	368,895
639,129	600,283
3,045,690	2,503,555

13 CURRENCY

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

14 REGISTRATION

The fund is registered in Kenya under the Retirement Benefit Act.

