

CICAM UMBRELLA RETIREMENT FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(RBA REGISTRATION NUMBER 02066)

CICAM UMBRELLA RETIREMENT FUND

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

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CICAM UMBRELLA RETIREMENT FUND

FUND INFORMATION

CORPORATE TRUSTEE	KCB Bank (K) Limited KCB Towers, 7 th Floor Kenya Road, Upperhill P.O. Box 30664-00100 Nairobi
INDEPENDENT AUDITOR	Kirenge & Associates Certified Public Accountants(K) Mogotio road, Off Chiromo lane, Westlands P.O. Box 6578-00200 Nairobi
ADMINISTRATOR	Octagon Pension Services Ltd 8 th Floor, West Park Suites Ojijo Rd, P. O. Box 10034-00100, Nairobi, Kenya.
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 UMBRELLA RETIREMENT FUND

REPORT OF THE TRUSTEE

The Trustees 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 Umbrella Retirement Fund was established, and is governed, by the Trust Deed and Rules dated 1st January 2018, referred to as the Original Trust Deed, and the 1st Supplemental Deed of Amendment dated 26th May 2023. It is a defined contribution Fund that provides benefits for eligible employees of adhering employers. CICAM Umbrella Retirement Fund is an ethical retirement benefit Scheme governed by Retirement Benefit Act. Contributions rates vary per adhering employer and are contained in the signed Deeds of Adherence for each employer. Currently, there are sixteen adhering employers contributing to the fund.

The objectives of the fund are:

- The contributions made since the commencement date to the Fund by the sponsors and by the members and the investments for the time being representing the same; and
- The income from such investments and the investments representing accumulations of such income.

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 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 Fund. 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 UMBRELLA RETIREMENT FUND

REPORT OF THE TRUSTEE (Continued)

3 ADHERING EMPLOYERS

The following are the adhering employers as at 31st December, 2024

- 1) Pharos Architects K Ltd
- 2) Middle East Bank RBS
- 3) Balizi Sacco
- 4) Digital Opportunity Trust
- 5) WeFarm Ltd
- 6) Association of Public Service
- 7) Kenred Sacco Limited
- 8) Kenya USA Diaspora Sacco
- 9) Pezi Publishers Limited
- 10) Oxford Cooperative Saving and Credit Society Ltd
- 11) Haco Sacco Society Ltd
- 12) Kennut Sacco Ltd
- 13) Ansoffs Consulting Limited
- 14) Thamani Sacco
- 15) Oryx Limited
- 16) CDF Sacco

CICAM UMBRELLA RETIREMENT FUND

REPORT OF THE TRUSTEE (Continued)

4 FUND MEMBERSHIP

Sponsor	Membership as at 2024- 01-01	New Members	Exits	Membership as at 2024- 12-31	Active Members	Deferred Members
Pharos Architects K Ltd	26	0	1	25	4	21
Middle East Bank RBS	90	26	2	110	74	36
Balozi Sacco	12	0	0	12	12	0
Digital Opportunity Trust	11	0	1	10	8	2
WeFarm Ltd	17	0	1	16	0	16
Association of Public Service	4	0	1	3	3	0
Kenred Sacco Limited	2	0	0	2	2	0
Kenya USA Diaspora Sacco	6	0	0	7	6	1
Pezi Publishers Limited	9	0	0	9	0	9
Oxford Cooperative Sacco	2	0	0	2	2	0
Haco Sacco Society Ltd	2	0	0	2	2	0
Kennut Sacco Ltd	3	0	0	3	0	3
Ansoffs Consulting Limited	5	0	0	5	0	5
ORYX Limited	196	40	4	235	0	235
Thamani Sacco	12	0	3	9	9	0
CDF Sacco	0	3	0	3	3	0
TOTAL	397	69	13	453	125	328

CICAM UMBRELLA RETIREMENT FUND

REPORT OF THE TRUSTEE (Continued)

5 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 138,361,247 (2023 Kshs 77,183,347) and the statement of net assets available for benefits shows the Scheme's net assets as at 31 December 2024 amounted to Kshs 423,772,869, (2023: Kshs 285,411,622).

Interest is credited to members balances on an annual basis. The interest credited for the year ended 31 December 2024 is at a rate of 12% (2023: 8.55%).

6 TRUSTEES

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

7 STATUTORY ASPECTS

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

8 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 *27th March* 2025
Nairobi

FOR: KCB BANK KENYA LTD.

.....
CORPORATE TRUSTEE

FOR: KCB BANK KENYA LTD.

.....
CORPORATE TRUSTEE

CICAM UMBRELLA RETIREMENT FUND

SCHEME GOVERNANCE DISCLOSURE STATEMENT

The Corporate Trustees in office

Name of trustee	Age	Category (Professional)	No. of meetings attended	Certified (Yes/No)	Highest qualification	Membership of other Boards
KCB Bank Kenya Ltd	N/A	Corporate Trustee	4	Yes	N/A	N/A

- The corporate trustee held ...4... meetings during the year ending the 31st December 2024. The meetings were held on the dates set hereunder:
 - Q4 2023 -7-Mar-24
 - Q1 2024 - 13th June 2024
 - Q2 2024 -17-Sep-24
 - Q3 2024 -4-Dec-24
- The composition of the Corporate Trustee is as hereunder:
 - Gender balance: Female ...N/A..... % Male ...N/A... %
 - Skills mix: No of trustees with financial skills ...All...%
 - Age mix: Number of trustees who are younger than 35 years .N/A.... %
 - Number of trustees who are older than 35 yearsN/A.... %

3. The Corporate Trustee does not have sub-committees

Committee name	No. of meetings held	Any external advisors, invitees to meetings (Yes/No) (if yes, mention the purpose)	Allowances paid (Ksh.)
N/A	N/A	N/A	N/A

3. Fiduciary Responsibility Statement

The Corporate Trustee is the governing body of the **CICAM Umbrella Retirement Fund** 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 interests of the scheme's members and the sponsor. To achieve this, the trustees embraced their fiduciary responsibility by:

- Acting honestly and did not improperly use inside information or abuse their position;
- 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

CICAM UMBRELLA RETIREMENT FUND

SCHEME GOVERNANCE DISCLOSURE STATEMENT(Continued)

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

4. 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.

5. Key Outcomes

The Corporate Trustee seeks to achieve the following:

- Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- 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

- Triennial members' survey score. The latest score ...N/A...
- Regular reports and feedback to the sponsor. No. of reports ...N/A..

6. Annual General Meeting

The Corporate Trustees held the annual general meeting on the 28th June 2024 virtually. The board adequately addressed the members' concerns. The number of members who attended the AGM were 50

7. Members' Sensitization

The Trustees conducted the following sensitization activities	Date held	Number of members attended	Remarks
Annual General Meeting and Member Information Session	28 th June 2024	50	It was Quorate

CICAM UMBRELLA RETIREMENT FUND

SCHEME GOVERNANCE DISCLOSURE STATEMENT(Continued)

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.

8. Trustees Remuneration Policy

During the year under review, the Trustees were paid at a rate of 0.15% per annum on the assets held as per the service level agreement in place. The payments complied with the scheme's trustee's agreement dated 24th July 2024. All expenses are borne by the fund

9. Corporate Trustee Evaluation

The Corporate Trustee's last evaluation was conducted in the year 2024

The review process was facilitated internally, and the process took the form of questionnaire.

The Corporate Trustee was rated at 67% through a Net Promoter Score.

Approved by the Trustee on 27th March 2025 and signed on their behalf by:

FOR: KCB BANK KENYA LTD.
.....
Trustee CORPORATE TRUSTEE

FOR: KCB BANK KENYA LTD.
.....
Trustee CORPORATE TRUSTEE

CICAM UMBRELLA RETIREMENT 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

For: KCB BANK KENYA, Trustee.

.....
CHIEF TRUSTEE

Dated...27th...March 2025

For: KCB BANK KENYA LTD.

.....
CHIEF TRUSTEE



KIRENGE & ASSOCIATES

Certified Public Accountants (K)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CICAM UMBRELLA RETIREMENT FUND

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of CICAM Umbrella Retirement 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.

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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Royal Office, 3rd Floor
Mugotio Road, Westlands, Nairobi
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REPORT OF THE INDEPENDENT AUDITORS (Continued)

TO THE MEMBERS OF CICAM UMBRELLA RETIREMENT 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 UMBRELLA RETIREMENT 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.

JK MENEHE

For and on behalf of:
Kirenge & Associates
Certified Public Accountants (Kenya)

Nairobi, Kenya

28TH MARCH,2025

CICAM UMBRELLA RETIREMENT 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>73,554,348</u>	<u>76,103,521</u>
Outgoings from dealing with members			
Benefits paid	5	<u>(7,652,132)</u>	<u>(3,954,288)</u>
Net addition from dealings with members		<u>65,902,217</u>	<u>72,149,234</u>
Returns on investments			
Investment Income	6	<u>81,758,239</u>	<u>10,642,940</u>
		81,758,239	10,642,940
Taxation charge	7	<u>(3,765,202)</u>	<u>(2,291,716)</u>
Less: Investment management expenses	8	<u>(3,942,692)</u>	<u>(2,688,043)</u>
Net returns on investment		<u>74,050,345</u>	<u>5,663,181</u>
Administrative Expenses	9	<u>(1,591,315)</u>	<u>(629,068)</u>
		<u>72,459,031</u>	<u>5,034,113</u>
Increase in net assets available for benefits for the year		138,361,247	77,183,347
Net assets available for benefits as at 1 January		<u>285,411,622</u>	<u>208,228,275</u>
Net assets available for benefits as at 31 December		<u><u>423,772,869</u></u>	<u><u>285,411,622</u></u>

CICAM UMBRELLA RETIREMENT FUND

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2024

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Note	2024 Kshs	2023 Kshs
Investments			
Financial assets	10	424,162,117	285,167,797
		<u>424,162,117</u>	<u>285,167,797</u>
Current Assets			
Receivables	11	3,257,870	3,131,935
Cash at bank	12	7,837	74,890
		<u>3,265,706</u>	<u>3,206,825</u>
Current Liabilities			
Payables and Accruals	13	(2,410,640)	(1,772,060)
Tax payable	7	(1,244,314)	(1,190,940)
		<u>(3,654,954)</u>	<u>(2,963,000)</u>
Net Current (liabilities)/ assets		<u>(389,248)</u>	<u>243,825</u>
Net Assets of the fund at 31 December		<u><u>423,772,869</u></u>	<u><u>285,411,622</u></u>

These financial statements set out on pages 14 to 22 were approved by the Trustee on 27th March 2025

..... TRUSTEE

..... TRUSTEE

For: KCB BANK KENYA LTD.

.....
CICAM UMBRELLA RETIREMENT FUND

For: KCB BANK KENYA LTD.

.....
CICAM UMBRELLA RETIREMENT FUND

CICAM UMBRELLA RETIREMENT FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

STATEMENT OF CASH FLOWS

	2024 Kshs	2023 Kshs
Cash flows from members		
Contributions received	73,554,348	76,103,521
Benefits paid	(7,652,132)	(3,954,288)
Administrative expenses	(1,591,315)	(629,068)
Investment management expenses	(3,942,692)	(2,688,043)
Taxation paid	(3,711,828)	(1,346,231)
Net cash generated from operating activities	56,656,382	67,485,892
Cash flows from investing activities		
Sale of investments	787,797,492	248,711,310
Purchase of investments	(846,430,913)	(313,596,250)
Gain on investment	(50,545,100)	(35,694,519)
Investment income received	51,942,442	34,268,068
Increase/Decrease in payables	638,580	114,020
Increase/Decrease in receivables	(125,935)	(1,229,974)
Net cash used investing activities	(56,723,434)	(67,427,345)
Net (decrease)/ increase in cash and cash equivalents	(67,052)	58,547
Analysis of changes in cash and cash equivalents		
Cash and cash equivalents at 1 January	74,890	16,342
Cash and cash equivalents at 31 December	7,837	74,890

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

I 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 (Umbrella Retirement Benefit Schemes, 2017) Regulations, 2000. 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 UMBRELLA RETIREMENT FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

I 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 significantly 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 2023.

(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 UMBRELLA RETIREMENT 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 Umbrella Retirement 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 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 UMBRELLA RETIREMENT 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		
Call Deposit	95,007,618	60,154,083
	<u>95,007,618</u>	<u>60,154,083</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.

	2024 Kshs	2023 Kshs
4 CONTRIBUTIONS RECEIVED AND RECEIVABLE		
Employer	31,568,658	30,531,193
Employee	24,560,783	24,046,070
AVC	132,000	61,593
NSSF	2,678,166	-
Transfer in	14,614,741	21,464,666
	<u>73,554,348</u>	<u>76,103,521</u>

Included in contribution received and receivable there is unremitted contribution of Kshs 3,255,030 (2023: Kshs 2,149,923) which was received in January 2025

5 BENEFITS PAID

Withdrawal Benefits	7,652,132	3,954,288
	<u>7,652,132</u>	<u>3,954,288</u>

6 INVESTMENT INCOME

	2024 Kshs	2023 Kshs
Realized Income		
Interest on Treasury Bonds	34,852,016	26,514,060
Interest on Fixed and call deposits	15,603,018	4,242,256
Interest on Treasury Bills	90,069	-
Dividend Income	1,397,340	1,758,698
Interest income	-	3,019
Gain On Sale of Quoted Equity	-	1,750,035
	<u>51,942,442</u>	<u>34,268,068</u>
Unrealized income		
Unrealised gain/ (loss) on Treasury Bonds	21,620,112	(13,807,753)
Unrealised gain/(loss) on Quoted Equity	8,195,685	(9,817,375)
	<u>81,758,239</u>	<u>10,642,940</u>

CICAM UMBRELLA RETIREMENT 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	51,942,442	34,268,068
Less: Income relating to contributions within allowable limits	<u>(31,633,031)</u>	<u>(21,060,851)</u>
Investment income relating to transfer to unregistered scheme	20,309,411	13,207,217
Less: Allocated administrative expenses	(1,594,234)	(1,058,537)
Less: Qualifying Dividend Income (WHT is Final)	(546,358)	(677,877)
Less: Interest Income from Infrastructure bonds	<u>(5,618,147)</u>	<u>(3,831,751)</u>
Taxable Income	<u>12,550,673</u>	<u>7,639,052</u>
Tax charges @ 30%	<u>3,765,202</u>	<u>2,291,716</u>
b Tax payable		
As at 1 January	1,190,940	245,455
Tax charge for the year	<u>3,765,202</u>	<u>2,291,716</u>
	4,956,142	2,537,171
Tax paid	<u>(3,711,828)</u>	<u>(1,346,231)</u>
Tax payable	<u>1,244,314</u>	<u>1,190,940</u>
	2024 Kshs	2023 Kshs
8 INVESTMENT MANAGEMENT EXPENSES		
Management Fees	1,265,706	868,094
Administration Fees	1,301,950	890,447
Custody Fees	615,574	408,668
Trustee fees	<u>759,463</u>	<u>520,835</u>
	<u>3,942,692</u>	<u>2,688,043</u>
	2024 Kshs	2023 Kshs
9 ADMINISTRATIVE EXPENSES		
RBA Levy	847,546	570,823
RBA Levy - prior year underprovision	50	-
Audit Fees	69,600	58,000
IPS Preparation Fees	65,000	-
Withholding tax written off	<u>609,119</u>	<u>-</u>
	<u>1,591,315</u>	<u>629,068</u>

CICAM UMBRELLA RETIREMENT 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 Kshs	Purchases Kshs	Sales Kshs	Realised gain Kshs	Unrealised gain Kshs	Value at 31/12/2024 Kshs
Treasury Bonds	208,947,224	70,859,234	(34,056,009)	34,852,016	21,620,112	302,222,577
Quoted equity	16,066,490	-	-	-	8,195,685	24,262,175
Fixed & Call Deposit	60,154,083	772,992,000	(753,741,483)	15,603,016	-	95,007,618
Treasury bills	-	2,579,679	-	90,069	-	2,669,748
Total	285,167,797	846,430,913	(787,797,492)	50,545,100	29,815,797	424,162,117

Year ended 31 December 2023	Value at 01/08/2023 Kshs	Purchases Kshs	Sales Kshs	Realised gain Kshs	Unrealised (loss) Kshs	Value at 31/12/2023 Kshs
Treasury Bonds	158,280,357	62,481,250	(24,520,690)	26,514,061	(13,807,753)	208,947,224
Quoted equity	37,848,390	-	(13,714,560)	1,750,035	(9,817,375)	16,066,490
Fixed & Call Deposit	12,084,720	251,115,000	(210,476,060)	7,430,423	-	60,154,083
Total	208,213,467	313,596,250	(248,711,310)	35,694,519	(23,625,128)	285,167,797

	2024 Kshs	2023 Kshs
11 RECEIVABLES		
Employee	1,506,470	1,016,993
Employer	1,497,360	1,109,669
AVC	-	23,261
NSSF	254,040	-
Withholding tax recoverable	-	975,012
Dividend Receivable	-	7,000
	<u>3,257,870</u>	<u>3,131,935</u>
12 CASH AT BANK		
Cooperative Bank Custody	<u>7,837</u>	<u>74,890</u>
Balance as at 31 December	<u>7,837</u>	<u>74,890</u>
13 PAYABLES & ACCRUALS		
RBA Levy payable	847,546	570,823
Audit fees payable	69,600	58,000
Administration fees payable	696,603	248,162
Custody fees	233,166	175,611
Trustee fees payable	206,472	230,196
Management fees payable	357,253	248,813
Payable to CICAM IDD	-	240,455
	<u>2,410,640</u>	<u>1,772,060</u>

14 CURRENCY

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

15 REGISTRATION

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

