

# BRITAM STAFF DEFINED BENEFITS SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022



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### Trustees, Advisors and other Service Providers

<b>Name of Trustee</b>	<b>Representation</b>	<b>STATUS</b>	<b>Date Appointed/Retired</b>
Mr. Charles Njuguna	Sponsor Appointed(Chairman)	Active	01/07/2021
Ms. Lucy Kariuki	Member Elected	Active	23/12/2020
Dr. Muthoga Ngera	Member Elected	Active	23/12/2020
Mr. Paul Gacheru	Sponsor Appointed	Active	19/04/1997
Mr. Arthur Chege	Member Elected	Active	23/12/2020
Ms. Diane Korir	Sponsor Appointed	Active	01/02/2022
Ms. Evelyne Munyoki	Sponsor Appointed	Active	01/02/2022

#### **ADMINISTRATOR**

Britam Life Assurance Company (Kenya) Limited  
Britam Centre, Mara - Ragati Road Junction – Upper Hill  
P O Box 30375 - 00100  
Nairobi, Kenya

#### **APPROVED ISSUER**

Britam Life Assurance Company (Kenya) Limited  
Britam Centre, Mara - Ragati Road Junction – Upper Hill  
P O Box 30375 – 00100  
Nairobi

#### **ACTUARY**

Triangle Actuarial Services  
6113 Riverside Drive  
Wake Forest NC 27587 – 7337 USA

#### **AUDITOR**

PricewaterhouseCoopers LLP  
Certified Public Accountants (Kenya)  
PwC Tower, Waiyaki Way/Chiromo Road, Westlands  
P.O. Box 43963 – 00100  
Nairobi

#### **REGISTERED OFFICE**

Britam Centre  
P O Box 30375 – 00100  
Mara and Ragati Roads Junction, Upper Hill  
Nairobi, Kenya

## Trustees' Report

The trustees present their annual report together with the audited financial statements of Britam Staff Defined Benefits Scheme (the "Scheme") for the year ended 31 December 2022.

### ESTABLISHMENT, NATURE, AND STATUS OF THE SCHEME

The Scheme is governed by a Trust Deed dated 6 May 2003 together with a second and third Deed of Amendment supplemental to the Principal Deed made on 28 February 2007 and 29 October 2010, respectively. The Scheme commenced on 1 January 1987 and from that date to 31 December 2005 (both dates inclusive) consisted of a defined benefit scheme alone.

From 1 January 2006, a separate section within the existing Scheme that provides "defined contribution" benefits were started on a mandatory basis to future new entrants and on an optional basis to existing members. Existing members who opted to convert had the higher of their transfer value in respect of past service or cumulated contributions plus interest credited to the "defined contribution" section. Both sections provide, under the rules of the scheme, retirement benefits for the staff and agency force of Britam Holdings Plc. The third deed of amendment effectively removed the defined contribution section to the defined contribution plan. It is an exempt approved Scheme under the Income Tax Act and is registered with the Pensions Benefits Authority. Contributions to the Scheme by the employees are at the rate of 7.5 % of the individual members' basic salaries. Contribution by sponsor is at rates determined by actuary from time to time with current year's rate being 5% (2021:10%).

The last actuarial valuation was completed as at 31 December 2022 by Triangle Actuarial Services, an independent firm of actuaries using the Entry Age Normal actuarial cost method.

### MEMBERSHIP

	2022	2021
<b>a) <u>Total members</u></b>		
Pensioners and deferred members	91	95
<b>Total</b>	<u>91</u>	<u>95</u>
<b>b) <u>Contributing members</u></b>		
At start of year	0	2
Inactive members	(0)	(2)
At end of year	<u>-</u>	<u>-</u>
<b>c) <u>Pensioners, deferred and inactive members</u></b>		
At start of year		
Pensioners in payment	26	21
Pensioners in deferment	1	6
Deferred members	65	65
	<u>92</u>	<u>92</u>
<b><u>Movement during the year:</u></b>		
Pensioners	0	6
Inactive members	(0)	3
Death benefit from Deferred members	(0)	(0)
Retirement from deferred	(1)	(6)
	<u>(1)</u>	<u>3</u>
At end of year	<u>91</u>	<u>95</u>

## Trustees' Report (Continued)

### Financial Review

The statement of changes in net assets available for benefits on page 9 shows decrease in net assets of the Scheme for the year of Shs. 21,127,000 (2021: Shs. 59,987,000) and the statement of net assets available for benefits on page 10 shows the Scheme's net assets as Shs. 689,463,000 (2021: Shs. 710,590,000).

### INVESTMENT OF MEMBERS' FUNDS

All the funds are administered by Britam Life Assurance Company (Kenya) Limited. The net interest declared and earned by the scheme was at the rate of 8.5% (2021: 10%).  
overall responsibility for investment and performance lies with the Trustees.

### AUDITORS

PricewaterhouseCoopers LLP having expressed their willingness to continue in office in accordance with provisions of the Retirement Benefits Act.

The Trustees monitor the effectiveness, objectivity and independence of the auditor. The Trustees also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

For the Trustees



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Signed: Chairman

Dated: 28 March 2023

## Governance statement

### Trustees in office

Name of trustee	Age	Representation	No. of meetings	Certified (Yes/No)	Highest qualification	Members hip of other boards (Provide organization 's name)
Mr. Charles Njuguna	Over 30	Sponsor Appointed	2	No	Master's Degree	No
Ms. Lucy Kariuki	Over 30	Member elected	3	Yes	Master's Degree	No
Dr. Muthoga Ngera	Over 30	Member elected	1	Yes	PHD	No
Mr. Arthur Chege	Over 30	Member elected	2	Yes	Bachelor's Degree	No
Ms. Diane Korir	Over 30	Sponsor Appointed	2	Yes	Master's Degree	No
Ms. Evelyne Munyoki	Over 30	Sponsor Appointed	2	Yes	Master's Degree	No

### Trustees Meetings

The board of the Board of Trustees held 2 meetings during the year ending the 31 December 2022. The meetings were held on the dates set out hereunder:

- a) 30<sup>th</sup> March 2022
- b) 22<sup>nd</sup> November 2022

The composition of the board of the Board of Trustees is as below:

- Gender balance: Female 50% Male 50%.
- Skills mix: 60%
- Age mix: Number of Trustees who are younger than 35 years 0,
- Number of Trustees who are older than 35 years 6.

### Committees of the board

There are currently no Trustees' Committees

## Governance statement (continued)

### **Fiduciary responsibility statement**

The Board of Trustees is the governing body of the Scheme and is responsible for the Board of the corporate governance of the Scheme. The Board of 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 Board of 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
- 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 Board of Trustees have ensured that the fund manager has carried out all Scheme investments and that all Scheme assets and funds are held by Britam as the Approved Issuer.

### **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.

### **Key outcomes**

The Board of Trustees 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 Board of Trustees will measure the progress towards these outcomes through:

- a) Triennial members' survey score.
- b) Regular reports and feedback from the sponsor.

### **Annual general meeting**

The board of trustees held the annual general meeting on 6<sup>th</sup> August 2022 virtually which 109 members, marking up 21 % of scheme members attended. - The board adequately addressed members' concerns.



Governance statement (continued)

**Members' sensitization**

No formal scheduled member's sensitization meetings were held, however the administrator shared Communication on changes in regulation. A member sensitization presentation was also shared During the AGM.

**Trustees remuneration policy**

There were no payments made to the trustees in the year ended 31 December 2022 (2021: nil).

**Board of trustees' evaluation**

The Board and individual trustees did not undertake board evaluation in the year under review. The board of Trustees are working towards conducting a board evaluation in the future, as they are currently developing the requisite manuals and Board Charter.

  
Signed .....  
(Chairperson)  
For the Board of Trustees

Dated 28 March 2023 .....

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Statement of Trustees' Responsibilities

The Retirement Benefits (Occupational Retirement Benefits Plans) Regulations 2000, requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the Scheme at the end of the financial year and its financial performance for the year then ended. The Trustees are responsible for ensuring that the Scheme keeps proper accounting records that are sufficient to show and explain the transactions of the Scheme; disclose with reasonable accuracy at any time the financial position of the Scheme; and that enables them to prepare financial statements of the Scheme that comply with prescribed financial reporting standards and the requirements of the Retirement Benefits (Occupational Retirement Benefits Plans) Regulations 2000. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Retirement Benefits (Occupational Retirement Benefits Plans) Regulations 2000. They also accept responsibility for:

1. Designing, implementing and maintaining internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
2. Selecting suitable accounting policies and then applying them consistently; and
3. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Scheme's ability to continue as a going concern, the Trustees are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as a going concern.

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of Trustees on 28 March 2023 and signed on its behalf by:



Signed: Trustee



Signed: Trustee



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITAM STAFF DEFINED BENEFITS SCHEME**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the accompanying financial statements of Britam Staff Defined Benefits Scheme set out on pages 12 to 21 which comprise the statement of net assets available for benefits at 31 December 2022 and the statements of changes in net assets available for benefits and cash flows for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Britam Staff Defined Benefits Scheme as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Occupational Retirement Benefit Funds) 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITAM STAFF DEFINED BENEFITS SCHEME (CONTINUED)**

### *Responsibilities of the Trustees for the financial statements*

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 Retirement Benefits (Occupational Retirement Benefit Funds) 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 judgement 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 Trustees.
- 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITAM STAFF DEFINED BENEFITS SCHEME (CONTINUED)**

*Auditor's responsibilities for the audit of the financial statements (continued)*

We communicate with the Trustees 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.

*Richard Njoroge*

**FCPA Richard Njoroge, Practicing Certificate Number 1244  
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP  
Certified Public Accountants  
Nairobi**

28 March 2023



Statement of changes of net assets available for benefits

	Notes	2022 Shs'000	2021 Shs'000
<b>Income from dealings with members</b>			
Contributions receivable	3	-	517
Special contribution from the sponsor		-	23,848
<b>Outgoings from dealings with members</b>			
Benefits payable to pensioners		(62,302)	(104,565)
Benefits payable to seceding members	10	(13,795)	(49,248)
		(76,097)	(153,813)
<b>Net outflows from dealings with members</b>			
		(76,097)	(129,448)
<b>Return on investments</b>			
Investment income	4	56,964	71,834
Administrative expenses	5	(1,994)	(2,365)
Decrease in net assets before income tax		(21,127)	(59,979)
Income tax expense	11	-	(8)
<b>Decrease in net assets for the year</b>			
		(21,127)	(59,987)
Net assets available for benefits at start of year		710,590	770,577
<b>Net assets available for benefits at end of year</b>			
		689,463	710,590

Statement of net assets available for benefits

	Notes	At 31 December 2022 Shs'000	At 31 December 2021 Shs'000
<b>Assets</b>			
Administered deposit account	6	691,202	711,902
Tax recoverable	11 (b)	670	670
<b>Total assets</b>		<b>691,872</b>	<b>712,572</b>
<b>Liabilities</b>			
Accrued expenses	8	(1,534)	(1,565)
Due to pensioner	9	(128)	(61)
Benefit payable	10	(747)	(356)
<b>Total liabilities</b>		<b>(2,409)</b>	<b>(1,982)</b>
<b>Net assets available for benefits</b>		<b>689,463</b>	<b>710,590</b>

The financial statements on pages 12 to 21 were approved and authorized for issue by the Trustees on 28 March 2023 and signed on their behalf by:

  
 Signed: Trustee

\_\_\_\_\_  
 Signed: Trustee



Statement of cash flows

	Notes	2022 Shs'000	2021 Shs'000
<b>Cash flows from operating activities</b>			
Contributions received	3	-	517
Transfers out and benefits paid	7	(75,707)	(153,457)
Expenses paid	7	(1,957)	(2,420)
		<u>(77,664)</u>	<u>(155,360)</u>
<b>Net cash used in operating activities</b>			
<b>Cash flows from investing activities</b>			
Investment income received	4	56,964	71,834
		<u>(20,700)</u>	<u>(83,526)</u>
<b>Decrease in cash and cash equivalents</b>			
<b>Movement in cash and cash equivalents</b>			
At start of year	13	711,902	795,428
Decrease in cash and cash equivalents		(20,700)	(83,526)
		<u>691,202</u>	<u>711,902</u>
At end of year		<u>691,202</u>	<u>711,902</u>



## 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 are prepared in accordance and comply with International Financial Reporting Standards and the Retirement Benefits Act, 1997 as amended, and with the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

Contributions by the trustees are credited directly to the administered deposit account with Britam Life Assurance Company (Kenya) Limited. Benefits are paid to withdrawing members directly by Britam Life Assurance Company (Kenya) Limited.

The financial statements summarize 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 which fall due after the end of the pension plan year. The actuarial position of the plan, which does take account of such obligations, is dealt with in the statement by the actuary and these financial statements should be read in conjunction with it.

The financial statements are presented in Kenya Shillings (Shs.), rounded to the nearest thousand, and are prepared under the historical cost convention except where otherwise stated in the accounting policies below.

#### i. Adoption of new and revised International Financial Reporting Standards

##### *i) New and amended standards adopted by the Scheme*

There were no new standards, amendments and interpretations adopted during the year.

##### *ii) New standards and interpretations not yet effective and not early adopted*

No standards, amendments and interpretation not yet adopted are expected to have a significant impact on the financial statements.

#### 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 entity operates ('the Functional Currency'). The financial statements are presented in Kenya Shillings ("Shs.") which is the Scheme's functional currency.

## Notes to the Financial Statements (continued)

### **c. Foreign currency translation (continued)**

#### *ii) Transactions and balances*

Foreign currency transactions are translated into Kenya Shillings using the exchange rates prevailing at the dates of the transactions. 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 recognized in the statement of changes in net assets available for benefits.

### **d. Contributions receivable**

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

### **e. Investment income**

Income from funds deposited with the pension plan administrators is recognized in the period in which it is earned.

### **f. Benefits payable**

Pensions and other benefits are taken into account as they fall due for payment.

### **g. Transfers**

Transfers are recognized in the period in which members join from other schemes or leave for other schemes. The values are based on methods and assumptions determined by actuaries.

### **h. Taxation**

The Scheme is a registered staff pension scheme and is exempt from income tax except for investment income from contributions above the minimum contributions prescribed by the Income Tax Act that is taxed at the applicable tax rates.

Notes to the Financial Statements (continued)

**2. Financial risk management objectives and policies**

**a. Interest rate risk**

The Scheme is exposed to interest rate risk, credit risk and liquidity risk. Risk management is carried out by the investment manager under policies and guidelines approved by the Trustees.

The Scheme's investments in the administered deposit account exposes it to interest rate risk. The investment manager's advice the Trustees on the appropriate balance of portfolio between equity, fixed rate interest, and variable rate interest investments. The Scheme has no interest bearing liabilities.

At 31 December 2022, holding all other factors constant, a 1% change in the interest rate of investments in the administered deposit account would have increased/decreased the net assets available for benefits by Shs 6,912,020 (2021: Shs 7,119,020).

**b. Credit risk**

Credit risk arises from investments other than equity investments, contributions receivable and other receivables.

The amount that best represents the Scheme's maximum exposure to credit risk at 31 December is made up as follows:

	<b>2022</b> <b>Shs '000</b>	<b>2021</b> <b>Shs '000</b>
Administered deposit account	691,202	711,902
Tax recoverable	670	670
	<u>691,872</u>	<u>712,572</u>

The scheme has a concentration of credit risk as its investments are held in an administered deposit account (note 6). The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Trustees.

**c. Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the investment manager on the amount to be invested in assets that can be easily liquidated. All financial liabilities at 31 December 2022 and at 31 December 2021 were payable within 60 days.

Notes to the Financial Statements (continued)

**3. Contributions receivable**

	<b>2022</b> <b>Shs'000</b>	<b>2021</b> <b>Shs'000</b>
Employee contribution	-	218
Employer contribution	-	299
	<u>-</u>	<u>517</u>

Members contribute 7.5% of their salaries (2021: 7.5%). Employer contributions to the Scheme during the year under review were at a rate of 10% of pensionable pay (2021: 10%).

**4. Investment income**

During the year, the scheme earned interest on funds deposited with Britam Life Assurance Company (Kenya) Limited at 8.5% on the Deposit Administered Fund balance (2021: 10%) after taking into consideration expenses relating to fund management.

**5. Administrative expenses**

	<b>2022</b> <b>Shs'000</b>	<b>2021</b> <b>Shs'000</b>
Retirement Benefits Authority (RBA) Levy	1,284	1,315
Audit fees	252	257
Administration expenses	-	11
Actuarial valuation expenses	390	753
Due to Pensioner	68	29
	<u>1,994</u>	<u>2,365</u>

**6. Administered deposit account**

The Scheme operates an administered deposit account with Britam Life Assurance Company (Kenya) Limited. Under this arrangement, contributions received are remitted to Britam Life Assurance Company (Kenya) Limited for investment in a variety of investment securities on a pooled basis with funds from other contributing entities. As at 31 December 2022, the administered deposit account amounted to Shs. 691,202,000 (2021: Shs 711,902,000)

Notes to the Financial Statements (continued)

**7. Administered deposit account (continued)**

The movement in the account is summarized below:

	<b>2022</b> <b>Shs'000</b>
At start of year	711,902
Withdrawals	(75,707)
Expenses in the year	(1,957)
Interest	56,964
	<hr/>
At end of year	691,202
	<hr/> <hr/>

**8. Accrued expenses**

	<b>2022</b> <b>Shs'000</b>	<b>2021</b> <b>Shs'000</b>
Retirement Benefits Authority (RBA) Levy	1,284	1,315
Audit fees	250	250
	<hr/>	<hr/>
	1,534	1,565
	<hr/> <hr/>	<hr/> <hr/>

**9. Due to pensioner**

This relates to continued deductions on account of a member who retired from the scheme in June 2018 through the year 2022. It is therefore a refund of inadvertent contributions received in the scheme.

**10. Benefit payable**

This relates to benefits paid to members of Shs 13,795,000 in 2022 and benefits payable to three members of Shs 747,000.

Notes to the Financial Statements (continued)

**11. Tax status of the plan**

The contributions to the fund comprises of a registered (tax exempt) and an unregistered (non-tax exempt) contributions. The income attributable to contributions received by the fund up to a limit of Shs 20,000 (2021: Shs 20,000) per member is exempt from taxation whereas the investment income attributable to the remainder of the contributions is liable to taxation at the corporate tax rate of 30%. (2021:30%).

Britam Defined Staff Benefits Scheme 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 recognized in respect of investment income earned on these excess contributions.

a. Income tax expense

The tax has been computed as follows:

	<b>2022</b> <b>Shs'000</b>	<b>2021</b> <b>Shs'000</b>
Total investment income	56,964	71,834
Less: Income relating to contributions within allowable limits	(56,964)	(71,861)
	<hr/>	<hr/>
Investment income relating to excess contributions	-	27
Less: Administrative expenses allocated to income relating to excess contributions	-	(1)
	<hr/>	<hr/>
Taxable income	-	26
	<hr/>	<hr/>
Income tax expense at 30% (2021:30%)	-	8
	<hr/>	<hr/>

b. Tax recoverable

At start of year	670	678
Income tax expense	-	(8)
	<hr/>	<hr/>
At end of year	670	670
	<hr/>	<hr/>



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Notes to the Financial Statements (continued)

**12. Actuarial position**

An actuarial valuation was completed as at 31 December 2022 by Triangle Actuarial Services, an independent firm of actuaries, using the Projected Unit Credit actuarial cost method for IAS19 Revised purposes. According to the valuation at that date, the actuarial present value of promised retirement benefits was Shs. 500,168,000.

The fair value of the net assets available for benefits at that date was Shs. 666,033,000 resulting in a surplus of Shs 165,865,000. The Actuary recommended that the Company makes contributions at an annual rate of 10% of aggregate pensionable salaries, effective 1<sup>st</sup> January 2022. This rate was, in the actuary's opinion, designed to maintain the same approximate funding rate over 1 year from the valuation date (on an ongoing basis), within the requirements of The Retirement Benefits (Minimum Funding Level and Winding up of Schemes) (Amendment) Regulation 2009.

The principal actuarial assumptions used for the valuation as at 31 December 2022 were as follows:

- discount rate	12.5%
- future salary increases	N/A

**13. Cash and cash equivalents**

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

	<b>2022</b>	<b>2021</b>
	<b>Shs '000</b>	<b>Shs '000</b>
Cash held in administered deposit account	691,202	711,902
	<hr/>	<hr/>

**14. Related party transactions**

The plan does not hold any equity investments in the sponsor, Britam Life Assurance Company (Kenya) Limited, or any other company or persons connected with that company. The funds of the scheme are held in an administered deposit account in Britam Life Assurance Company (Kenya) Limited.

