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# BRITISH-AMERICAN BOND PLUS FUND

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

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| FUND MANAGER | Britam Asset Managers (Kenya) Limited<br>Britam Centre, 5th Floor<br>Junction of Mara and Ragati Roads<br>Upper Hill<br>P.O. Box 30375-00100<br>Nairobi, Kenya |
| TRUSTEE | KCB Bank Kenya Limited<br>KCB Tower, 7th Floor, Upper Hill<br>P.O. Box 30664-00100<br>Nairobi, Kenya |
| CUSTODIAN | Standard Chartered Bank Kenya Limited<br>Standard Chartered @ Chiromo, Level 5<br>48 Westlands Road<br>P O Box 40984-00100<br>Nairobi, Kenya |
| AUDITOR | PricewaterhouseCoopers LLP<br>Certified Public Accountants<br>PwC Tower, Waiyaki Way/Chiromo Road<br>P.O. Box 43963 - 00100<br>Nairobi, Kenya |
| LAWYER | CMS Daly Inamdar Advocates<br>ABC Place<br>Waiyaki Way<br>P.O. Box 40034-00100<br>Nairobi, Kenya |

The Trustee has the pleasure of submitting its report together with the audited financial statements of British-America Bond Plus Fund (the "Fund") for the year ended 31 December 2023.

## INVESTMENT OBJECTIVES

The investment objective of the British-American Bond Plus Fund is to achieve a level of current income subject to preserving capital together with the ability to create capital appreciation. To achieve this, the Fund invests principally in fixed income securities of various terms issued by governments and corporations.

## CHANGES TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Prospectus, Trust Deeds and Rules of the Fund) during the year.

## FUND PERFORMANCE

The highest and lowest absolute yields for the last 5 years were as per the table below:

| Year | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Highest yield % | 15.01 | 7.44 | 6.89 | 8.59 | 7.27 |
| Lowest yield % | 8.75 | 3.79 | 3.19 | 4.19 | 4.72 |

## INCOME DISTRIBUTION

The profit realised by the Fund for the last 5 years has been distributed to the unit holders as per the table below.

| Year | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Amount (Shs '000) | 273,703 | 4,726 | 5,212 | 9,188 | 13,544 |

## TOTAL VALUE OF THE FUND

The total book value of the Fund for the last 3 years is as per the below table.

| Year | 2023 | 2022 | 2021 |
|---|---|---|---|
| Amount (Shs '000) | 10,083,833 | 75,972 | 75,214 |

## AUDITOR

PricewaterhouseCoopers LLP were appointed in accordance with the Fund's Trust Deed and Section 55(A) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.

The Trustee monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unit holders.

Approved by the Trustee on 28th March 2024 and signed on its behalf by:

For: KCB BANK KENYA LTD.

Corporate Trustee
CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

Corporate Trustee
CORPORATE TRUSTEE

The Kenyan Capital Markets Act requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the financial position of the Fund at the end of the financial year and its financial performance for the year then ended. The Trustee is responsible for ensuring that the Fund keeps proper accounting records that are sufficient to show and explain the transactions of the Fund; disclose with reasonable accuracy at any time the financial position of the Fund; and that enables them to prepare financial statements of the Fund that comply with prescribed financial reporting standards and the requirements of the Kenyan Capital Markets Act. They are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee accepts responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards (IFRS) and in the manner required by the Kenyan Capital Markets Act. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Fund's ability to continue as a going concern, the Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Fund's ability to continue as a going concern.

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Trustee on 28th March 2024 and signed on its behalf by:

For: KCB BANK KENYA LTD.

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Corporate Trustee

CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

Corporate Trustee

CORPORATE TRUSTEE

Dear Unit Holder,

The fundamental investment objective of the British-American Bond Plus Fund is to generate a high level of current income consistent with the preservation of capital and capital appreciation. The Fund does this by investing primarily in Treasury securities, bank deposits and fundamentally sound companies with a strong credit quality.

Britam Asset Managers (Kenya) Limited adopts an investment philosophy that ensures high risk adjusted returns for investors while optimizing overall portfolio risk. We employ a two-pronged strategy to achieve this objective. Firstly, the average term and duration of the portfolio are adjusted based on prevailing interest rate trends, within the acceptable tenors. Thus, as interest rates rise, the average term and duration of the portfolio are shortened, and as interest rates reach a peak or fall, the portfolio's duration and average term are extended allowing maximum returns at optimal levels of risk.

Secondly, we strive for diversification through investing in corporate securities and commercial papers which offer attractive spreads above treasury instruments while cushioning the portfolio against interest rate risk. The strategy involves purchasing these securities when the spreads are at their widest points and reducing holdings when corporate bond rates are at their narrowest point relative to rates on treasury instruments. This is all done in an environment of rigorous risk management by investing in fundamentally sound corporates to protect against credit risk.

Global economic activity remained resilient in 2023, despite higher interest rates as global policy makers sought to combat high inflation in the wake of various macroeconomic shocks. Global growth is forecast to slow from 2.6% in 2023 to 2.4% in 2024.

Kenya's economy grew by 5.9% in Q3 2023. This was an improvement from 4.3% recorded in Q3 2022. This performance was broad based largely supported by a recovery in the agricultural sector following ample rainfall during the long rains season. Additionally, the industry and services sectors grew by 2.8% and 7.1% respectively from 2.6% and 5.9% in Q3 2022. The agricultural sector, which accounts for 21.9% of the economy, supported overall growth.

After a sharp increase at the beginning of the year, inflation began to moderate towards the end of the year, closing out December at 6.6%. This was largely due to lower food prices as adequate rainfall in the long rains season boosted food production. Fuel prices remained elevated in 2023 as an additional 8% VAT on petroleum products was implemented in the second half of the year, counteracting the impact of lower global oil prices.

The Central Bank's Monetary Policy Committee increased the benchmark rate by 3.75% in 2023 to 12.50%, in a bid to curb the depreciation of the Kenya Shilling while also anchoring inflation expectations. Similarly, yields on treasury bills rose in the year on account of lower liquidity, high inflation, and high domestic borrowing appetite from the Government. The 3-month T-bill closed the year at 15.9% compared to 9.3% at the end of 2022, while the yield curve rose by 2.63% on average, which negatively affected fixed income returns.

The Kenya Shilling shed 27.1%, 32.3% and 34.4% against the US Dollar, Euro and Pound Sterling, respectively, to close the year at 156.84/USD, KES 173.72/EUR and KES 199.55/GBP. The Shilling further extended the losses experienced in 2021 and 2022 as developed market currencies strengthened because of higher interest rates while local forex reserves declined.

The equities market recorded sustained declines in stock prices as macro-economic concerns around Kenya persisted. Investors had greater preference for developed markets where interest rates were rising throughout the year. Aggressive central bank action resulted in inflation trending downwards and this helped to boost offshore equities performance in the year. Domestically, concerns around foreign exchange availability as well as debt sustainability caused foreign investors to continue exiting the market. The NSE All Share Index was down by 27.7% while the NSE 20 fell by 10.4% in the year.

The Fund generated a return of 10.09 percent during the year, compared to the benchmark return of 12.39 percent.

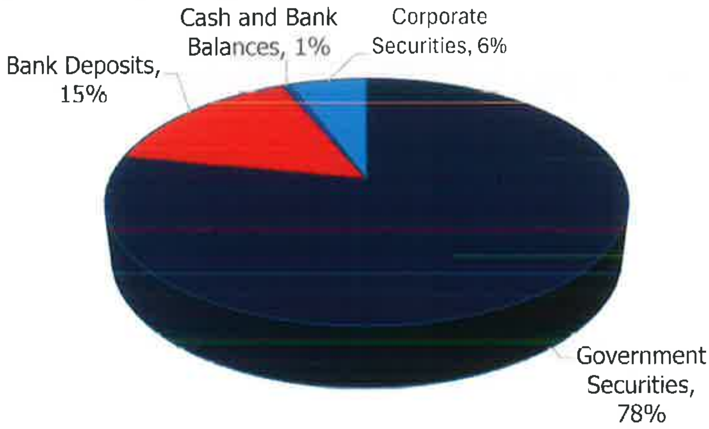
Our disciplined investment strategy, coupled with the philosophy of investing in high-quality fixed income investments with attractive yields, will continue to benefit investors who invest in the Fund in the medium term.

We thank you for choosing to invest in British-American Bond Plus Fund. The team at Britam Asset Managers (Kenya) Limited looks forward to working closely with you in meeting and exceeding your financial and investment objectives.

We extend our best wishes for 2024.

**Asset Allocation Structure: British-American Bond Plus Fund**

**2023**




**2022**


Yours sincerely,

Signed on behalf of Britam Asset Managers (Kenya) Limited

______________ 2024

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2001 (the Regulations) and the Custody Agreement between Standard Chartered Bank of Kenya Limited as the Custodians and Britam Asset Managers (Kenya) Limited as the Fund Manager, we confirm that for the year ended 31 December 2023:

a) we have discharged the duties prescribed for a Custodian under Regulation 35 of the Regulations, to the British-American Bond Plus Fund;

b) We have held the assets for the British-American Bond Plus Fund, including securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

For the year ended 31 December 2023, we have held the assets of the British-American Bond Plus Fund, which include title deeds, securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager in accordance with the provisions of the Capital Markets (Collective Investment Schemes) Regulations, 2001.

STANDARD CHARTERED BANK KENYA LTD.

By order of the Custodian ............ 28th March 2024

Standard Chartered Bank of Kenya Limited

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## INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF BRITISH-AMERICAN BOND PLUS FUND

### Report on the audit of the financial statements

*Opinion*

We have audited the accompanying financial statements of British-American Bond Plus Fund (the "Fund") set out on pages 10 to 30 which comprise the statement of financial position at 31 December 2023 and the statements of profit or loss and other comprehensive income, changes in unit holders' balances and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of British-American Bond Plus Fund as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Capital Markets Authority (Collective Investments Schemes) Regulations, 2001.

*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 Fund 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.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

*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 Trustee is 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 the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF BRITISH-AMERICAN BOND PLUS FUND (CONTINUED)**

*Responsibilities of the Trustee for the financial statements*

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of Capital Markets Authority (Collective Investments Schemes) Regulations 2001, and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the Fund'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 Trustee either intends to liquidate the Fund 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 Fund'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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund 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.

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

We communicate with the Trustee 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.

From the matters communicated with the trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on other legal requirements*

We confirm that the financial statements have been properly prepared in accordance with the Capital Markets Authority (Collective Investment Schemes) Regulations, 2001.

The Capital Markets Authority (Collective Investment Schemes) Regulations, 2001 also requires that in carrying out our audit we consider and report to you on the following matters:

- If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records,
- If the auditor has not been given all the information and explanations which, to the best of his knowledge and belief, are necessary for the purpose of his audit, or
- If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

We confirm that there are no matters to report in respect of the foregoing requirements.

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**

28th March **2024**

## Statement of profit or loss and other comprehensive income

| | Notes | Year ended 31 December 2023 Shs '000 | 2022 Shs '000 |
|---|---|---|---|
| **Income** | | | |
| Interest income | 7(iv) | 364,449 | 8,089 |
| Realised gains on investments | | 11 | - |
| Total income | | 364,460 | 8,089 |
| Service fees | 5 | (53,792) | (3,342) |
| Expected credit loss on investments | 7(v) | (36,965) | (21) |
| **Profit before tax** | | 273,703 | 4,726 |
| Income tax expense | 6 | - | - |
| **Profit for the year** | | 273,703 | 4,726 |
| Other comprehensive income, net of tax | | - | - |
| **Total comprehensive income for the year** | | 273,703 | 4,726 |

## Statement of financial position

| | Notes | As at 31 December 2023 Shs '000 | 2022 Shs '000 |
|---|---|---|---|
| **Assets** | | | |
| Government securities at amortized cost | 7 (ii) | 7,898,346 | 58,736 |
| Corporate securities at amortized cost | 7 (ii) | 574,437 | - |
| Deposits with financial institutions at amortized cost | 7 (ii) | 1,584,263 | 17,389 |
| Cash and bank balances | 7 (iii) | 58,800 | 186 |
| Total assets | | 10,115,846 | 76,311 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accrued expenses | 9 | 17,873 | 273 |
| Withholding tax payable | 6 | 14,140 | 66 |
| **Liabilities** | | 32,013 | 339 |
| **Net assets attributable to unitholders** | 8 | 10,083,833 | 75,972 |

The financial statements on pages 10 to 30 were approved and authorised for issue by the Trustee on 28th March 2024 and signed on its behalf by:

For: KCB BANK KENYA LTD.
Rhino
CORPORATE TRUSTEE
Corporate Trustee

For: KCB BANK KENYA LTD.
CORPORATE TRUSTEE
Corporate Trustee

## Statement of changes in unit holders' balances

| | Note | Year ended 31 December 2023 Shs'000 | 2022 Shs'000 |
|---|---|---|---|
| **At start of year** | | 75,972 | 75,214 |
| Total comprehensive income for the year | | 273,703 | 4,726 |
| *Transactions with unit holders:* | | | |
| Additional units purchased | 8 | 10,735,973 | 9,226 |
| Units liquidated | 8 | (1,001,815) | (13,194) |
| Total transactions with unit holders | | 9,734,158 | (3,968) |
| **At end of year** | | 10,083,833 | 75,972 |

## Statement of cash flows

| | Notes | Year ended 31 December 2023 Shs'000 | 2022 Shs'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Service fees paid | | (36,192) | (3,286) |
| Movement in withholding tax | | 14,074 | 6 |
| Purchase of government securities at amortized cost | 7 (ii) | (7,692,488) | (16,295) |
| Addition of Deposits with financial institutions at amortized cost | 7 (ii) | (6,470,300) | (107,100) |
| Purchase of corporate securities at amortized cost | 7(ii) | (603,411) | - |
| Interest and dividends received | 11 | 81,984 | 7,818 |
| Proceeds from sale of government securities at amortized cost | 7(ii) | 97,988 | 15,305 |
| Maturity of deposits with financial institutions at amortized cost | 7(ii) | 4,927,800 | 107,350 |
| Proceeds from sale of corporate securities at amortized cost | 7(ii) | 5,001 | - |
| Net cash (used in)/generated from operating activities | | (9,675,544) | 3,798 |
| **Cash flows from financing activities** | | | |
| Net contributions from unit holders | 8 | 10,735,973 | 9,226 |
| Withdrawals by unit holders | 8 | (1,001,815) | (13,194) |
| Net cash generated/ (used in) financing activities | | 9,734,158 | (3,968) |
| **Net increase/(decrease) in cash and cash equivalents** | | 58,614 | (170) |
| Cash and cash equivalents at start of the year | | 186 | 356 |
| Cash and cash equivalents at end of year | 7 (iii) | 58,800 | 186 |

## Notes

### 1. General Information

The Fund started operations on 1 July 2005. The Fund is governed by a Trust Deed dated 7th June 2005, is registered under the Capital Markets Authority Act and is domiciled in Kenya. The holders are not liable for the debts of the fund. The address of its registered office is:

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

### 2. Summary of significant accounting policies

The principal accounting policies applied 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 in accordance with IFRS Accounting Standards ("IFRS"), Interpretations issued by IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS and the requirements of the Capital Markets Authority Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

***Adoption of new and revised IFRS Accounting Standards (IFRS)***

***(i) New and amended standards adopted by the Fund***

The Fund has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2023:

a) Amendment to IAS 1, Classification of Liabilities as Current or Non-Current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

*b) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

***(i) New and amended standards adopted by the Fund (continued)***

To support this amendment, the IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

*(c) Amendments to IAS 8 - Definition of Accounting Estimates*

The amendment clarifies how funds should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

*(d) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

None of the above amendments had a significant impact on the Fund's financial statements.

***(ii) New standards and interpretations in issue not yet adopted***

At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

| **New standards and Amendments to standards** | **Effective for annual periods beginning on or after** |
|---|---|
| Amendments to IAS 1 - Non-current liabilities with covenants | 1 January 2024 |
| Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7) | 1 January 2024 |
| Amendments to IAS 21 Lack of Exchangeability | 1 January 2025 |
| IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information | 1 January 2024 |
| IFRS S2 Climate-related Disclosures | 1 January 2024 |

*Amendments to IAS 1 - Non-current liabilities with covenants*

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

*Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)*

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

#### *(ii) New standards and interpretations in issue not yet adopted (continued)*

*Amendments to IAS 21 Lack of Exchangeability*

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

*IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

*IFRS S2 Climate-related Disclosures*

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Fund does not plan to apply the above standards until they become effective. There are no other standards that are not yet effective that would be expected to have a material impact on the fund in the current or future reporting periods and on near future transactions.

#### *(iii) Early adoption of standards*

The fund did not early adopt any new standards or amendments during the year.

### (b) Foreign currency translation

#### 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"), rounded to the nearest thousand which is the Fund's functional currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency 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 recognised in profit or loss.

### (c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Interest income includes interest from cash and cash equivalents, government securities and corporate securities.

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

### (d) Financial instruments

i) Classification

The Fund classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value, and those to be measured at amortised cost.

(ii) Recognition and derecognition

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. 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.

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate securities.

Classification and subsequent measurement of debt instruments depends on:
(i) the Fund's business model for managing the financial assets; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its deposits with financial institutions and cash and bank balances as held at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on recognition is recognised directly in profit or loss and presented in realised gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

### (d) Financial instruments (continued)

(iii) Measurement (continued)

*Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.
The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on the Stock Exchange. The quoted market price used for financial assets held is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

### (d) Financial instruments (continued)

(v) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
(a) the credit risk has increased significantly since initial recognition; or
(b) there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

The Fund will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

Debt instruments that are determined to have low credit risk at the reporting date. The Fund will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
Other financial instruments for which credit risk has not increased significantly since initial recognition.

In applying IFRS 9 impairment requirements, the Fund follows the general approach for all its financial assets.

The General Approach

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognise lifetime ECL, but interest income will continue to be recognised on a gross basis.

- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Fund will continue to recognise lifetime ECL, but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

## Notes (continued)

### 2. Summary of significant accounting policies (continued)

#### (e) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

#### (f) Distribution

All income or loss arising from operations is distributed to unit holders after provision for expenses. All distributions including unclaimed distributions are reinvested in the unit holders' account.

#### (g) Unit holder balances

Unit holders' funds are redeemable on demand at an amount equal to a proportionate share of the un portfolio's net asset value. The balances are carried at the redemption amount that is payable at the financi reporting date if the holder exercised their right to redeem the balances.

#### (h) Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash at bank and deposits held at call with banks maturing within three months from the contract dates.

### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. Areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements relate to classification of and valuation of assets. In addition, judgement is required in determination of whether the assets are impaired and tax status of the Fund as disclosed in Note 6

The key areas of estimates and judgments in applying the Funds' accounting policies is in the measurement of expected credit losses.

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

## Notes (continued)

### 4. Financial risk management objective and policies

The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in market prices and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. There is no concentration of risk at year end.

Risk management is carried out by the Fund Manager, Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

The Fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

The Capital Markets Authority (CMA) sets out that the book value of the Fund's investments should not exceed the following limits:

- Listed securities on the Nairobi Securities exchange – 80%
- Securities issued by the Government of Kenya – 80%
- Immovable property – 25%
- Other collective investment schemes including umbrella schemes – 25%
- Other securities not listed on a securities exchange in Kenya – 25%
- Off-shore investments – 10%
- Related Party balances – 10%

Below is the asset allocation in comparison to the CMA limits. The Fund's investments were within the CMA limits.

| Security | Market value Shs'000 | % | CMA limit | Breach % |
|---|---|---|---|---|
| Cash and interest-bearing securities | 1,643,063 | 16% | 100% | - |
| Other security not listed on the Securities Exchange in Kenya | 574,437 | 6% | 25% | - |
| Government securities | 7,898,346 | 78% | 80% | - |
| **TOTAL** | **10,115,846** | **100.0%** | | **-** |

*Market risk*

(i) Foreign exchange risk

As at 31 December 2023 and 2022, the Fund had no exposure to foreign exchange risk.

(ii) Price risk

The Fund invests in financial instruments (deposits with financial institutions, corporate and government bonds) that are measured at amortised cost. The amortised cost of the debt instruments is considered equal to the fair value of the assets. Therefore, the fund is not exposed to price risk.

## Notes (continued)

### 4. Financial risk management objective and policies(continued)

*Market risk(continued)*

(iii) Cash flow and fair value interest rate risk

The Fund's interest-bearing financial assets are corporate securities, government securities and deposits with financial institutions, which are at fixed rate, and on which it is therefore not exposed to cash flow interest rate risk. The Fund manager regularly monitors financing options available to ensure optimum interest rates are obtained.

*Credit risk*

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. In accordance with the Funds' policy, the Fund manager monitors the Funds' credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund Manager.

The amount that best represents the Fund's maximum exposure to credit risk at 31 December 2023 and 2022 is made up as follows:

| | **2023** | **2022** |
|---|---|---|
| | **Shs '000** | **Shs '000** |
| Corporate securities | 574,437 | - |
| Government securities | 7,898,346 | 58,736 |
| Deposits with financial institutions | 1,584,263 | 17,389 |
| Cash and bank balances | 58,800 | 186 |
| | 10,115,846 | 76,311 |

No collateral is held for any of the above assets. All assets that are considered impaired are carried at their estimated recoverable value. An analysis of the expected credit losses on these assets, is presented in Note 7 (v).

*Liquidity risk*

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily withdrawal of Funds by investors. The Fund does not maintain cash balances to meet all of these needs as experience shows that a certain amount of withdrawals is requested daily and can be predicted with a high level of certainty. Management closely monitors the proportion of maturing funds available to meet such calls and on the minimum level of funds that should be in place to cover withdrawals at unexpected levels of demand.

## Notes (continued)

### 4. Financial risk management objective and policies (continued)

*Liquidity risk (continued)*

The table below analyses the Fund's financial liabilities and unit holder balances that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

| | Due on demand Shs'000 | Due within 3 months Shs '000 | Total Shs '000 |
|---|---|---|---|
| **At December 2023** | | | |
| Unit holders balances (Note 8) | 10,083,833 | - | 10,083,833 |
| **Current liabilities** | | | |
| Accrued expenses (Note 9) | - | 17,873 | 17,873 |
| Withholding tax (Note 6) | - | 14,140 | 14,140 |
| | 10,083,833 | 32,013 | 10,115,846 |
| **At December 2022** | | | |
| Unit holders balances (Note 8) | 75,972 | - | 75,972 |
| **Current liabilities** | | | |
| Accrued expenses (Note 9) | - | 273 | 273 |
| Withholding tax (Note 6) | - | 66 | 66 |
| | 75,972 | 339 | 76,311 |

*Fair value estimation*

The Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Nairobi Securities Exchange equity investments classified as trading securities or at fair value through other comprehensive income.

## Notes (continued)

### 4. Financial risk management objective and policies (continued)

*Fair value estimation (continued)*

The fair value of financial instruments that are not traded in an active market (for example, unit trusts and offshore shares is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Fund does not hold any investments at fair value, and hence not subject to fair value estimation risks. All investments are measured at amortised cost.

*Capital risk management*

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders.

### 5. Service fees

| | 2023<br>Shs '000 | 2022<br>Shs '000 |
|---|---|---|
| Management fees | 45,252 | 2,349 |
| Audit fees | 141 | 99 |
| Trustee fees | 4,553 | 656 |
| Custody fees | 3,618 | 170 |
| Annual general meeting fees | 186 | 26 |
| Licence fees | 42 | 42 |
| | 53,792 | 3,342 |

Management fees relate to service fees paid to Britam Asset Managers (Kenya) Limited for the professional management of the Fund. This is charged at 2% per annum, computed on the daily Fund balances. Audit fees, annual general meeting (AGM) fees and license fees are charged based on amounts agreed between the Fund Manager and the service provider. Trustee fees and custody fees are computed on the daily Fund balances at a rate of 0.10% and 0.125% respectively.

## Notes (continued)

### 6. Taxation

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

On 11 September 2009, Kenya Revenue Authority issued a public notice requiring the Fund to withhold tax on distributions to unit holders and dividend income. Tax is withheld at a rate of 5% and 15% for dividend and interest income respectively after the issue of the legal notice. However, investments in infrastructure bonds are tax exempt.

The movements in the withholding tax during the year are as below;

| | 2023<br>Shs '000 | 2022<br>Shs '000 |
|---|---|---|
| As at the start of the year | 66 | 60 |
| Withheld during the year | 38,083 | 702 |
| Payments | (24,009) | (696) |
| At end of year | 14,140 | 66 |

## Notes (continued)

### 7. Investments

#### (i) Maturity profile of investments in the bond plus fund

| 31 December 2023 | Up to 3 months Shs'000 | Due between 3 & 12 months Shs'000 | Due between 1 & 5 years Shs'000 | Due after 5 years Shs'000 | Totals Shs'000 |
|---|---|---|---|---|---|
| Deposits with financial institutions at amortized cost | - | 1,584,263 | - | - | 1,584,263 |
| Government securities at amortized cost | - | 268,295 | 5,472,574 | 2,157,477 | 7,898,346 |
| Corporate securities at amortized cost | - | 574,437 | - | - | 574,437 |
| Total | | 2,426,995 | 5,472,574 | 2,157,477 | 10,057,046 |

| 31 December 2022 | Upto 3 months Shs'000 | Due between 3 & 12 months Shs'000 | Due between 1 & 5 years Shs'000 | Due after 5 years Shs'000 | Totals Shs'000 |
|---|---|---|---|---|---|
| Deposits with financial institutions at amortized cost | - | 17,389 | - | - | 17,389 |
| Government securities at amortized cost | - | 15,227 | 19,518 | 23,991 | 58,736 |
| Total | - | 32,616 | 19,518 | 23,991 | 76,125 |

## Notes (continued)

### 7. Investments (continued)

### (ii) Movement in investments

| Year ended 31 December 2023 | Carrying value at 01/01/2023 | Purchases at cost | Accrued Interest | Sales/ maturities | Provision for ECL | Carrying value at 31/12/2023 |
|---|---|---|---|---|---|---|
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| Deposits with financial institutions at amortized cost | 17,389 | 6,470,300 | 24,605 | (4,927,800) | (231) | 1,584,263 |
| Government securities at amortized cost | 58,736 | 7,692,488 | 250,153 | (97,988) | (5,043) | 7,898,346 |
| Corporate securities at amortized cost | - | 603,411 | 7,717 | (5,001) | (31,690) | 574,437 |
| Total | 76,125 | 14,766,199 | 282,475 | (5,030,789) | (36,964) | 10,057,046 |

| Year ended 31 December 2022 | Carrying value at 01/01/2022 | Purchases at cost | Accrued Interest | Sales/ maturities | Provision for ECL | Carrying value at 31/12/2022 |
|---|---|---|---|---|---|---|
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| Deposits with financial institutions at amortized cost | 17,690 | 107,100 | (55) | (107,350) | 4 | 17,389 |
| Government securities at amortized cost | 57,445 | 16,295 | 326 | (15,305) | (25) | 58,736 |
| Total | 75,135 | 123,395 | 271 | (122,655) | (21) | 76,125 |

## Notes (continued)

### 7. Investments (continued)

#### (iii) Cash and cash equivalents

| | 2023 Shs'000 | 2022 Shs'000 |
|---|---|---|
| Cash and bank balances | 58,801 | 186 |
| Expected credit loss for cash | (1) | - |
| | 58,800 | 186 |
| Cash and bank balances | | |

#### (iv) Interest income

| | 2023 | 2022 |
|---|---|---|
| Interest from: | | |
| Government securities at amortized cost | 279,695 | 6,584 |
| Deposits with financial institutions at amortized cost | 76,597 | 1,505 |
| Corporate securities at amortized cost | 8,157 | - |
| | 364,449 | 8,089 |

#### (v) Expected credit loss on investments

The expected credit loss on investments relates to the Fund's investment in bank deposits, government securities, corporate securities and alternative investments that are held to maturity. The Fund is holding a provision of Shs 37,000,000 (2022: Shs 35,000) being the amount whose recoverability was assessed as being doubtful on the investments. The table below displays the movement of the expected credit loss between 31 December 2023 and 31 December 2022:

| | Corporate Securities Shs '000' | Government Securities Shs'000' | Deposits with financial institutions Shs '000' | Bank and Cash Balances Shs '000' | Total Shs '000' |
|---|---|---|---|---|---|
| As at 1 January 2022 | - | 9 | 5 | - | 14 |
| Addition/ (write back) | - | 25 | (4) | - | 21 |
| **As at 31 December 2022** | **-** | **34** | **1** | **-** | **35** |
| As at 1 January 2023 | - | 34 | 1 | - | 35 |
| Addition/ (write back) | 31,690 | 5,043 | 231 | 1 | 36,965 |
| **As at 31 December 2023** | **31,690** | **5,077** | **232** | **1** | **37,000** |

## Notes (continued)

### 8. Unit holders' balances

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of units '000 | Shs'000 | No. of units '000 | Shs'000 |
| At start of year | 38 | 75,972 | 36 | 75,214 |
| Creations | 107,360 | 10,735,973 | 92 | 9,226 |
| Liquidations | (9,976) | (1,001,815) | (90) | (13,194) |
| Profit for the year | - | 273,703 | - | 4,726 |
| At end of the year | 97,422 | 10,083,833 | 38 | 75,972 |

### 9. Accrued expenses

| | 2023 Shs'000 | 2022 Shs'000 |
|---|---|---|
| Fund management fees payable | 14,948 | 197 |
| Custody fees payable | 1,250 | 10 |
| Trustee fees payable | 1,500 | 51 |
| Annual General Meeting fees payable | 64 | 1 |
| Licence fees payable | 4 | 4 |
| Audit fees payable | 37 | 9 |
| Other funds fees payable | 70 | 1 |
| Total | 17,873 | 273 |

### 10. Related party transactions

British-American Bond Plus Fund is managed by Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited is controlled by Britam Holdings Plc, a company incorporated in Kenya and listed at the Nairobi Securities Exchange (NSE). There are other companies that are related to Britam Asset Managers (Kenya) Limited through common shareholdings or common directorship.

The following transactions were carried out with related parties.

**Service fees**

| | 2023 Shs'000 | 2022 Shs'000 |
|---|---|---|
| Britam Asset Managers (Kenya) Limited (Note 5) | 45,252 | 2,349 |

## Notes (continued)

### 11. Interest and dividends received

| | 2023<br>Shs'000 | 2022<br>Shs'000 |
|---|---|---|
| Deposits | 51,992 | 1,559 |
| Govt securities | 29,542 | 6,259 |
| Corporate securities | 439 | - |
| Realised gain | 11 | - |
| | **81,984** | **7,818** |

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