



Nkwazi Co-operative Savings and Credit Society Ltd

2021 ANNUAL REPORT

Nkwazi Co-operative Savings and Credit Society Ltd

No.36, Senama Park, Ibex Hill, Lusaka, Zambia

Cell: +260 95 6797719

Email: customercare@nkwazicoop.com

Website: www.nkwazicoop.com

TABLE OF CONTENT

Notice of the 24 th Annual General Meeting.....	2
Vision, Mission & Organisational Values.....	3
Standing Orders.....	4
The Board of Directors.....	5
Members of Staff.....	7
Chairman’s Report.....	9
Treasurer’s Report.....	12
Credit Committee 2020 Annual Report.....	18
Education Committee Report.....	22
Minutes of the 23 rd Annual General Meeting.....	23
Addendum i.....	29
Financial Statements.....	34
Directors’ Report.....	38
Independent Auditor’s Report.....	41
Statement of Financial Position.....	44
Statement of Profit or Loss and other Comprehensive Income.....	45
Statement of Changes in Equity.....	36
Detailed Income Statement.....	64

NOTICE OF THE 24th ANNUAL GENERAL MEETING.

Notice is hereby given for the 24th Annual General Meeting (AGM) of Nkwazi Co- operative Savings and Credit Society Limited to be held on Saturday 7th May, 2022 at Mikango Cresta (Formerly Cresta Golf View) and virtually, at 08:30 hours to 13:30 hours,

The proposed Agenda for the meeting is as follows:

1. Opening remarks by the Chairperson.
2. Reading and adoption of the proposed Agenda.
3. Remarks by the Registrar of Co-operative Societies.
4. Reading and approval of prior AGM minutes.
5. To receive and consider the Chairperson's report.
6. To receive and consider the Treasurer's and Audited Financial statements for year ended 31st December 2021.
7. Adoption of the Reports.
8. Appointment of Auditors for the year to 31st December 2022.
9. Adoption and consideration of motions brought to the meeting. (Members are encouraged to send their motions in advance to the following email address: manager@nkwazicoop.com)
10. Pronouncement of retiring Board members.
11. Any other business.

By order of the Board



Board Secretary

VISION, MISSION & ORGANISATIONAL VALUES

Vision Statement

“To be a leading, preferred and reputable credit union”

Mission Statement

“To promote and upgrade standards of its members with a bid to improve their livelihoods economically and socially”

Organisational Principles

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the Cooperative. Members usually receive compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

STANDING ORDERS

The board of directors in accordance with section 20 of the by-laws hereby provides the “Standing Orders” for the 24th AGM.

1. a) Members are required to stand when addressing the meeting.
b) Speeches must be relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairperson, after which s/he shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairperson.
4. A member shall not speak twice on the same subject except:
 - a) The Mover of the motion – who has the right to reply, or
 - b) S/He rises to object or explain (with the permission of the Chairperson).
5. The Mover of a procedural motion – (Adjournment lay on the table, Motion to Postpone) shall have no right to reply.
6. No speeches will be made after a “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” shall state the point clearly and concisely.
8. a) A member should not “Call” another Member “To Order” but may draw the attention of the Chairperson to a “Breach of Order”.
b) In no event shall a member call the Chair to order.
9. A “Question” should not be put to a vote if a member desires to speak on it or move an amendment.
10. Only one amendment should be before the meeting at any one time.
11. When a motion is withdrawn any amendment to it falls away.
12. If a tie happens in a vote, the motion on the table will be subject to a second round of voting.
13. Provisions shall be made for protection by the Chairperson from vilification (Personal Abuse).
14. No member shall impute improper motives against another member.

THE BOARD OF DIRECTORS



Ferzio Mampwe - Board Chairman

A Human Resource Management practitioner with more than 15 years' progressively responsible experience in Non-Governmental Organizations. Nkwazi Cooperative Board member since 2016 and serves on the Executive Committee and is Current Board Secretary.



Getrude Mwenya - Board Vice Chairperson

Getrude Mwenya has over 18 years' experience in Facility Management and she is a certified toastmaster competent leader.

She previously served on the board of Nkwazi cooperative for six years in the education committee and returned to the Board in 2018 as Vice chairperson



Simate Simate - Board Treasurer

Simate has two decades of Financial Management experience distilled from the Commercial, mining, non profit and public sectors. He holds a Bachelor of Accounting degree from the Copperbelt University in Kitwe and a Master of Public Health degree from the University of Lusaka. He is currently CDC Zambia Financial Specialist for Cooperative Agreements.



Kamiji Mulyata - Board Secretary

Fifteen years of experience in Administration and Finance, Excellent interpersonal and customer skills. Nkwazi Cooperative Board member since 2016 and serves on the Credit Committee.



Eda Lifuka - Head of Credit Committee

A Chartered Management Accountant by profession with over 17 years of experience. Specialized in Project Management and Implementation with a strong interest in health and management of health systems, with a Master's in Public Health.

Nkwazi Cooperative Board member since 2018 and serves on the Credit Committee.



Kashiya Chabala - Board Member

An Accountant by profession with 15 years' experience previously worked as Management Accountant at Macmillan Publishers (z) Ltd and Assistant Accountant at iSchool Zambia before Joining Nkwazi Co-operative Saving & Credit Society as an Administrator. She is currently Finance Officer at FHI360.



Chibuna Muteto- Board Member

Over 15 years Financial Management and Accounting experience with good management and supervisory skills. A Fellow of ACCA and holds a Master's Degree in Economic Policy Management.

Leadership positions: Board Member-Set Apart International, Treasurer & Board Member – Living Hope Church. Currently works for USAID



Danny Sikazwe - Board Member

Mr Sikazwe has more than eighteen (18) years of Accounting and Finance experience in the US Government and Private sector operations, he has extensive exposure in financial/management accounting, budgeting, payment auditing and financial analysis.

Mr. Sikazwe joined the Nkwazi Board in 2019 and is a member of the Nkwazi Investments Committee.



Takudzwa Mwila – Board Member

Takudzwa has over the years displayed his leadership capabilities. Having served in the locally engaged staff committee for State, he has a strong character and ability to listen and articulate on issues. He is currently working for USAID

MEMBERS OF STAFF



Timothy Ngoma ACCA, AZICA, Cert IASBC
MANAGER

Joined the team in 2020

Timothy is a Chartered Accountant and a Certified Investment Advisor affiliated to the Association of Chartered Certified Accountants and Zambia Institute of Chartered Accountants, he has over ten years' experience in financial services industry managing over ZMW2 billion asset portfolio size, he brings to Nkwazi Cooperative proven experience in Investment strategy formulation, financial management, risk assessment and mitigation. He is a focused strategic leader motivated through service delivery.



David Mwamba
SENIOR ACCOUNTANT
Joined the Nkwazi team in 2012



Malilwe Masole
SENIOR CREDIT OFFICER
Joined the Nkwazi team in 2015



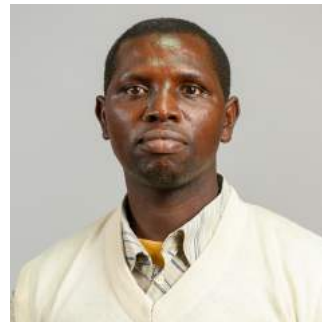
Audrey Bwalya
ACCOUNTANT
Joined the Nkwazi team in 2021



Caroline Mwila
CREDIT OFFICER
Joined the Nkwazi team in 2016



Jane Malama Munangu
CUSTOMER EXPERIENCE
ADVISOR
Joined the Nkwazi team in 2021



Enock Mwata
GENERAL SERVICE ASSISTANT
Joined the Nkwazi team in 2008



CHAIRMANS' REPORT

Ferzio Mampwe Board Chairperson

INTRODUCTION

The Registrar of Cooperatives and an all-weather friend to Nkwazi Cooperative, Mr. Justin Mwansa, the Board of Directors for Nkwazi Cooperative, invited guests from our Bankers First National Bank and Stanbic Bank Zambia, distinguished members of the Cooperative and last but not the least, the staff of Nkwazi Cooperative; it is my singular honor and privilege to welcome you all to the 24th Annual General Meeting of Nkwazi Cooperative. This is my first, and only report as Board Chairperson for the Cooperative after religiously serving the Board as Secretary for 5 years. After two consecutive years of holding virtual annual general meetings, it is gratifying that we are able to meet in person to deliberate the important business of the running our Cooperative.

“There has never been anything small about Nkwazi”. These sound like the words I uttered almost 6 years ago when I stood here asking for your vote to get onto the Board of Directors for Nkwazi Cooperative. 6 years on, I am standing here one more time, not to ask for your vote but to express my unfettered gratitude for your unwavering support to me personally and to the Board of Directors severally. You trusted us to manage the affairs of the Cooperative on your behalf and it is my sincere hope that you are happy with the results you continue to see at the Cooperative. Of course, there are areas of improvement and we welcome those brilliant ideas of how we can make Nkwazi greater than it is right now.

Your commitment to saving your hard-earned resources in Nkwazi Cooperative and your patronage of the products we offer in the form of loans and accompanying refinancing options have been the very lifeblood of the organization through what would have been an otherwise difficult time for the business.

OPERATING ENVIRONMENT

The world continued to grapple with the effects of the COVID-19 pandemic in socio-economic ways. Zambia was no exception and we saw this coming closer to home through the untimely passing of family members, friends and colleagues. The economy of Zambia fell into a deep recession due the adverse impact of the COVID-19 pandemic. According to the African Development Bank, manufacturing output fell sharply as supply chains were disrupted, while the service and tourism sectors were hurt as private consumption and investment weakened due to measures taken to contain the spread of COVID-19.

Even before the pandemic, the economy was experiencing serious macroeconomic challenges, such as high inflation, widening fiscal deficits, unsustainable debt levels, low international reserves, backdrop default on sovereign debt and tight liquidity conditions.

I am not quite the number's person, but this I am certain of; the lending sector experienced a continued reduction in demand and supply for credit in 2021, with high inflation rates, coupled with a rapidly depreciating currency, an uncertain political environment because of a looming election, tipping many Zambians into financial hardship.

¹AfDB: Zambia Economic Outlook accessed online

COOPERATIVE ACHIEVEMENTS FOR CALENDAR YEAR 2021

Despite the seemingly bleak operating environment that we found ourselves operating in, the Cooperative continued to record successes in various areas of our business.

Firstly, I would like to highlight the staffing changes that came up during calendar year 2021. The start of my tenure was marked with the transition of the then Manager Ms. Mweene Kasongo. Following her departure, we recruited Mr. Timothy Ngoma as the Cooperative Manager. Mr. Ngoma previously served as Senior Accountant and is experienced in investments among many other talents. The promotion of Mr. Ngoma led to a Senior Accountant vacancy that was filled by Mr. David Mwamba. Mr. Mwamba's step-up left a Senior Credit Officer vacancy which we filled with Ms. Malilwe Masole. Ms. Masole's move-on up left a Credit Officer vacancy that was scooped by Ms. Caroline Mwila. We then recruited Ms. Jane Munangu to fill the position of Customer Experience Advisor. This was a significant transition in roles for employees who had been in the same position for some time. The internal transition meant that we were able to grow internally without significant disruption in our business. This also meant that the learning curves were not so steep since the employees were already familiar with our business environment.

Secondly, the Cooperative increasingly saw excess liquidity that could not be sufficiently mopped up by loans to members. Members were fluid with the majority having received substantial payments for their outstanding leave due a restructuring of the leave plan from an affiliated organization. To mop up our excess liquidity, we increased our holdings in financial instruments (Treasury Bills, fixed deposits with the banks and Government Bonds) by 70% in a bid to diversify fund holding and being cognizant of the risks associated with loans. This was in true fashion keeping with the old adage "never put all your eggs in one basket". This action helped us record good yields from the income invested in financial assets. The Treasurer's report and the audited financial statements will speak more to the numbers in this respect. The future prospects of profits from these investments will be huge.

Thirdly, the Cooperative posted yet another impressive financial performance for Calendar Year 2021, recording an increase in top-line revenue by 39% compared to prior year 25% and a profit margin of 57% compared to prior year 20%. Again, the Treasurer's Report and the audited financial statements speak more to the numbers that the abstract percentages I have shared here. As a result of this good performance and as a way of thanking our members for their prudence, the Board of Directors declared and paid discretionary interest on savings to members amounting to ZMW5 million.

The Cooperative began the process of cleaning out members' data in readiness for the eventual move to a new loan processing module that has been purchased. The new module will help members access statements electronically solving a long standing cry from the members for consistent presentation of statements. This module will also enable members to apply for loans electronically without the need for generating unnecessary paperwork. The platform once operationalized in the third quarter of 2022 will also be able to support the creation of a Nkwazi App. This will help Nkwazi compete favorably in an ever involving credit union environment.

CHALLENGES FOR CALENDAR YEAR 2021

COVID-19. If I said that and moved on to the future outlook for the coming year, you will all understand. COVID-19 caused upheavals for many a business and some that were not so fortunate folded. There is opportunity even in the midst of a global pandemic. It is left to the future Boards to determine how we will make Nkwazi more resilient if another global pandemic was to ever disturb how we conduct our business.

Secondly, we saw a good number of withdrawals from members who were purely saving with Nkwazi and not accessing any loans. These members were courted by players on the market who are promising growth for their income by investing either in local or international financial markets. There is a big opportunity here for Nkwazi to exploit through the creation of a special investment vehicle that focuses purely on investing money for members who do not want to borrow but are able to save.

OUTLOOK FOR THE CALENDAR YEAR 2022

With the successful transition of political power in 2021, there is optimism that the new dawn government will focus on stabilizing the economy. The World Bank projects that economic activity will gradually pick up, averaging 3.8 percent over 2022-25. However, risks stemming from prolonged debt negotiations and low COVID-19 vaccination rates will need to be managed.

For Nkwazi, there is opportunity for a refresh of the Strategic Plan to cover 2022 – 2026. We are dreaming big as a Cooperative and with ideas that are coming from members, we would like to look into possibilities of vehicle financing partnerships, refocusing on Nkwazi Finance and investing more in financial instruments that offer stability and good yield for money we are managing on behalf of our members.

This is my last year on the Board of Directors for Nkwazi, and part of the outlook for 2022 is to hand over management of the Board to someone else who will help Nkwazi soar like the eagle in our logo and inferred in our name.



TREASURER'S REPORT

Simate Simate Board Treasurer

Greeting to you all, sincere gratitude for according me the opportunity to occupy the treasurer role for the year ended 31 December 2021. With all protocols observed may I take you through the financial performance of Nkwazi Cooperative.

ECONOMIC COMMENTARY

Global Economy

The World Bank Group has projected the recovery of the global economy in 2022 to decelerate amid downside risks such as financial stress in the context of record high debt levels, pervasive supply chain bottlenecks, COVID19 flare ups and the possibility of de-anchored inflation expectations. Output in emerging markets and developing countries have been projected to remain below pre pandemic trends over the forecast horizon. After an estimated rebound of 5.5% in 2021, global growth is expected to decelerate to 4.1% in 2022. This weaker near-term global outlook comes on the heels of higher global inflation, higher food and energy prices.

Local Economy

Annual Gross Domestic Product (GDP) estimates suggest that the country's economy grew by 3.6% in 2021 in comparison to a contraction of 2.8% in 2020. The Zambia Statistical Agency attributes this growth to five industries namely:

- Information and Communication
- Construction
- Public Administration
- Transport and Storage and
- Manufacturing

Annual inflation at the end of the 1st quarter of 2021 closed at 22.8% compared to 14% at the close of the first quarter of 2020. The Inflation rate exhibited a marked downward trend after peaking at 24.6% in June and July of 2021. This was attributed to the base effect of both food and non-food items riding on a backdrop of improved food supply and stabilized local currency as well as favorable copper prices.

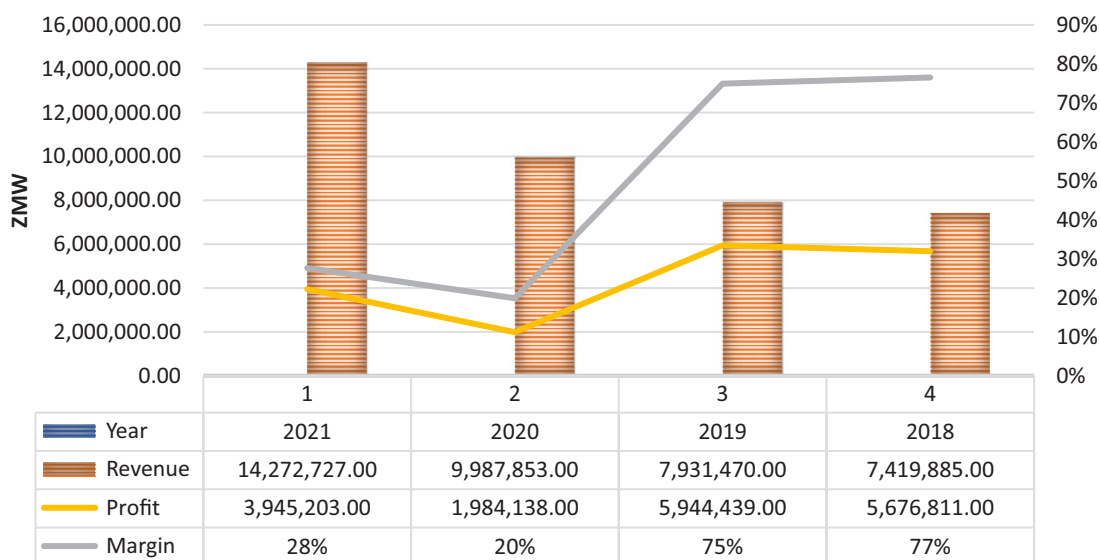
In the Money market, 2021 saw a marked improvement in the foreign exchange rate of the local currency, the Kwacha against major convertible currencies. The local unit opened the year 2021 at ZMW21.29 to the dollar reaching an all-time high of ZMW22.66 in July 2021, however to much of a twist riding on a change of regime and improved market sentiments the local unit closed the year at ZMW17.03. This was largely reflective of not only changes in the actual supply of foreign exchange but also on expectations of further improvements in supply associated with the International Monetary Fund's (IMF) Special Drawing Rights (SDR) allocation, improved prospects of a formal Extended Credit Facility (ECF), buoyant Copper prices as well as improved Governance prospects in the wake of the August 2021 elections.

CREDIT CONDITIONS

Credit conditions were reported to have been loose for households, small and medium enterprises (SMEs) as well as large corporates in the third quarter of 2021. This was mainly attributed to improved market liquidity and enhanced drawdown on the Bank of Zambia Targeted Medium Term Refinancing Facility (TMTRF). Demand for personal loans remained high as real incomes for households continued to be eroded by inflation. In contrast, demand for car and mortgage loans remained subdued. The high cost of motor vehicles continued to affect demand for car loans while high interest rates as well as depressed disposable incomes impacted demand for mortgage loans. Demand for working capital by SMEs remained strong while that for long-term financing remained weak. High demand for working capital by SMEs was underpinned by the need to support their business operations following the easing of COVID-19 restrictions towards the end of the quarter.

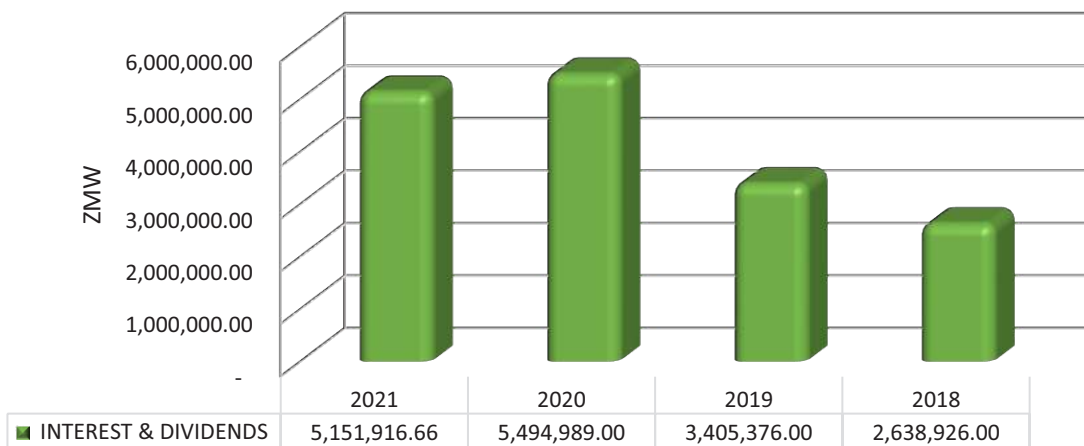
NKWAZI PERFORMANCE REPORT

Chart 1: Revenue & Profit



During the year 2021 Nkwazi recorded an increase in revenue of 39% compared to 26% recorded in 2020, the increase is attributed to the diversified investment portfolio that includes Loans, Government securities as well as Fixed term deposits. The bottom-line profit grew by 99% compared to 67% recorded in 2020. This is also on account of increased placements in assets providing high yield with an average return of 17%. In addition, the cooperative managed to keep expenses at bay recording a halved rate of 26% compared to 48% obtained in 2020.

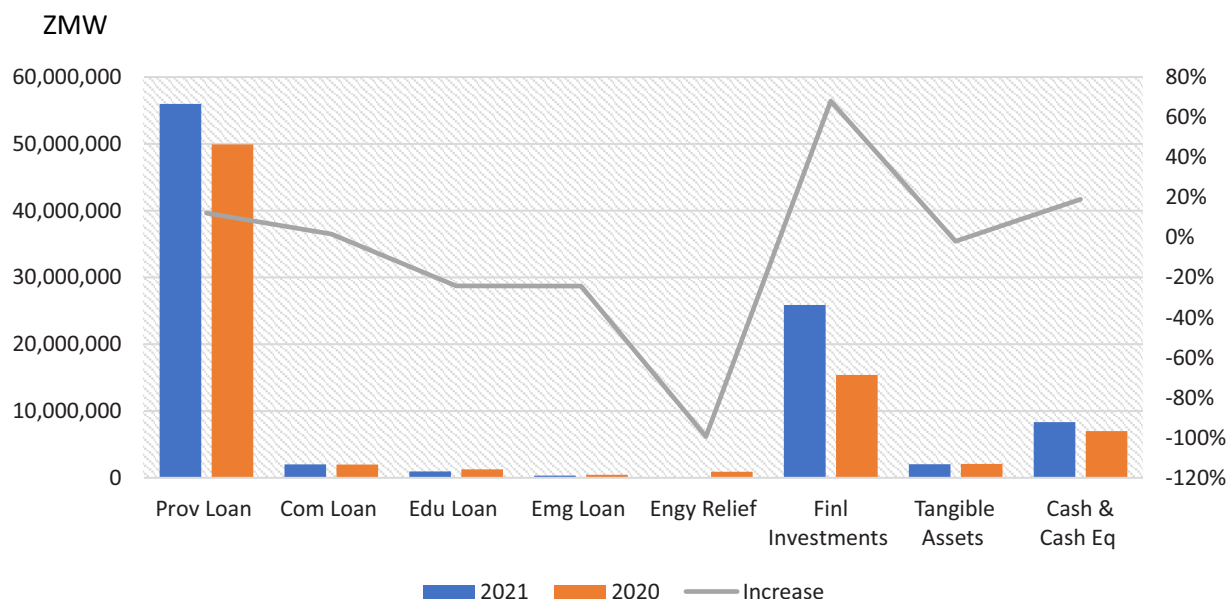
Chart 2: Dividend & Interest



Total annual Interest on Savings of 8% translating to ZMW5.1 million was declared of which half was paid in July 2021 and the balance payable in January 2022. A slight reduction of 7% was recorded owing to reduced total number of beneficiaries which emanated from increased savings withdraw and account closures.

In addition to the Interest on Savings and Dividends, the Cooperative is also scheduled to appropriate 70% of 2021 residual profit in form of equity growth to members, this is estimated at ZMW2.6 million compared to ZMW1.2 million recorded in 2020.

Chart 3: Asset Growth

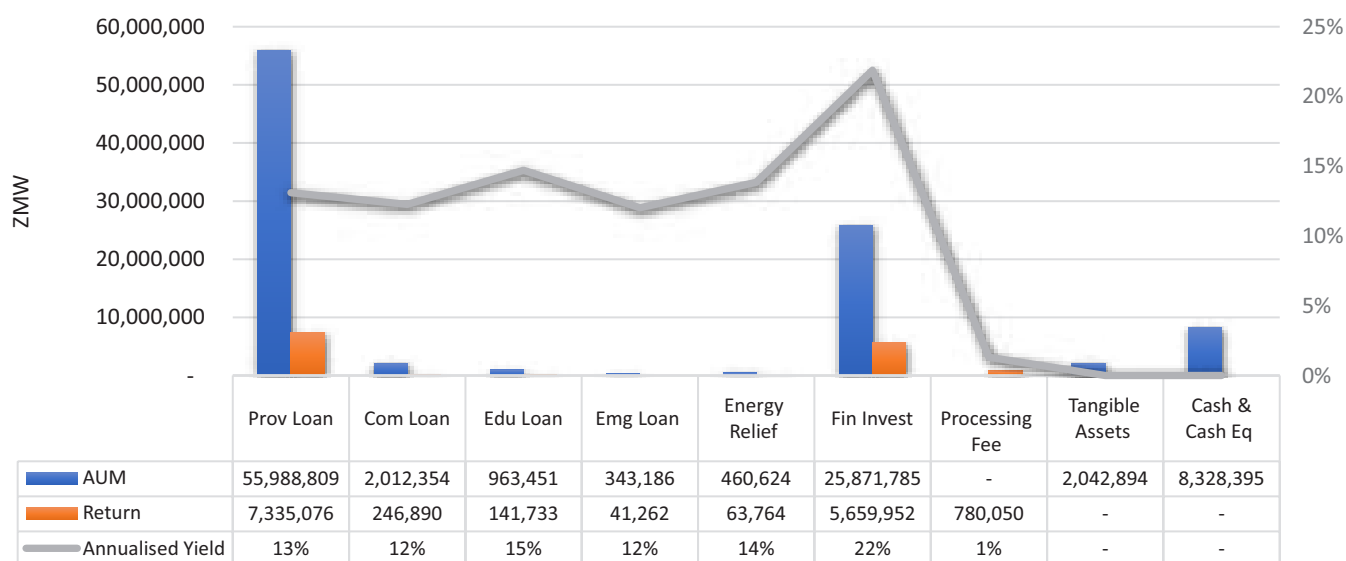


The Cooperative fund size has continued to grow gradually year on year, comprised of two components namely growth in revenue and members contributions, our total assets grew by 20% compared to the prior year growth of 14%, the increase was mainly attributed to good performance and additional member’s savings.

As a counteractive measure to reduced appetite for loans, the Board and Management decided to increase the weighting in financial instruments with a bid of tapping into high yielding assets and enhanced resource utilisation. Our Assets shows that Provident Loans grew by 12%, Commodity Loans 2%, Financial investments 157%, Properties & Office Equipment at 15%, while noticeable declines in Education Loans -24%, Energy Relief Loans -99%, and Emergency Loans -24%.

Our liabilities grew in proportion to the increase in members contributions. During the year 2021 members savings increased by 20% compared to 18% in the prior year 2020.

Chart 4: Asset Class Performance



The total income of the Cooperative is comprised of two main streams namely:

- 1) Loans - These include Provident loans, Commodity loans, Education loans, Emergency loans, Energy Relief and Loan processing fees.
- 2) Financial Investments – These include Government Bonds, Treasury Bills, Term Deposits and Collective Investment Schemes.

During the year under review, and as outlined above, the Cooperative realized substantial income from financial investments relative to its current weight this posted an annualized return of 22% while on average the Loans posted an annualized return of 13% despite holding a greater percentage of total assets.

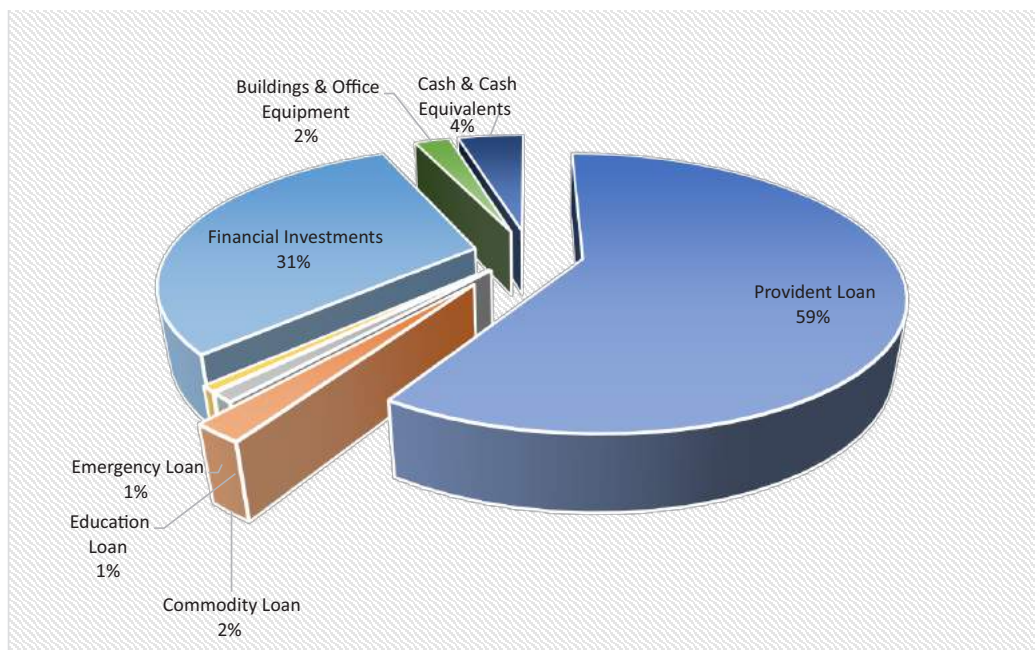
The low return obtained from loans was as a result of capped loan interest rate of 15% for a period 0-2 years, theoretically this translates to 8% per annum as the charge is based on a reducing balance method.

From the total return generated of ZMW14.2 million 13% accounted for Loans while 22% accounted for Financial Investments and 1% accounted for Processing fees.

NKWAZI CO-OPERATIVE SAVINGS & CREDIT SOCIETY LIMITED

Below chart shows the break down of asset holding (AUM) of ZMW95 Million as at 31 December 2021.

Chart 5: Asset Weighting



Outlook 2022

The Bank of Zambia (BoZ) projects inflation to continue on a downward trajectory towards the 6-8% target range. Underpinning this projection is what the Bank terms as the catalytic benefit of securing an IMF program allowing for budget support, debt restructuring and unlocking Foreign Direct Investments (FDI). Copper prices are also projected to remain high in the foreseeable future and result in a positive impact on the local currency's exchange rate. Upside risks to the inflation outlook include high crude oil prices particularly in the wake of the war in Ukraine, the possibility of lower crop yields due to adverse weather patterns, pervasive supply chain bottlenecks induced by the COVID19 pandemic, tightening of monetary policies in foreign jurisdictions in view of anticipated higher global inflation. The pending transition to cost reflective electricity tariffs has the potential for short term adverse impact on the local economy. In the medium to long term, however, such a transition will accrue economic benefits to the economy through increased investment, increased access to electricity supply as well as exports.

The aforementioned trajectory will have both positive and negative impact regarding the performance of Nkwazi fund owing to different factors, to mention but a few, the securing of IMF deal may unlock FDI hence leading to over subscriptions in government securities subsequently cutting yields offered by the central bank. The tightening of monetary policies will result to liquidity mop up in so doing commercial bank lending rates will begin to soar. We therefore anticipate an increase in loans appetite from the members, this will result to increase in loans asset weighting. As our loans are caped at low interest rate this will have an impact on overall fund performance.

To counter the adverse results on fund performance, our investment strategy realignment will focus on medium to long term government securities as well as identifying high yield asset classes from unit trusts, additionally as the outlook on local currency performance in short to medium range is positive, increasing exposure to hard currency would benefit the fund with exchange gains.

At the secretariat we therefore advise our members to minimize borrowing and maximize savings in periods of rising inflation and weakening local currency, on the other hand we encourage members to benefit from low borrowing costs in period of declining inflation and strengthening local currency in order for members to foster individual developments in various projects i.e. property building and farming.

Despite a turn in macroeconomic fundamentals arising as observed in the first quarter of 2022, the board and management remain committed to ensure a positive performance is achieved for the remainder of the year.

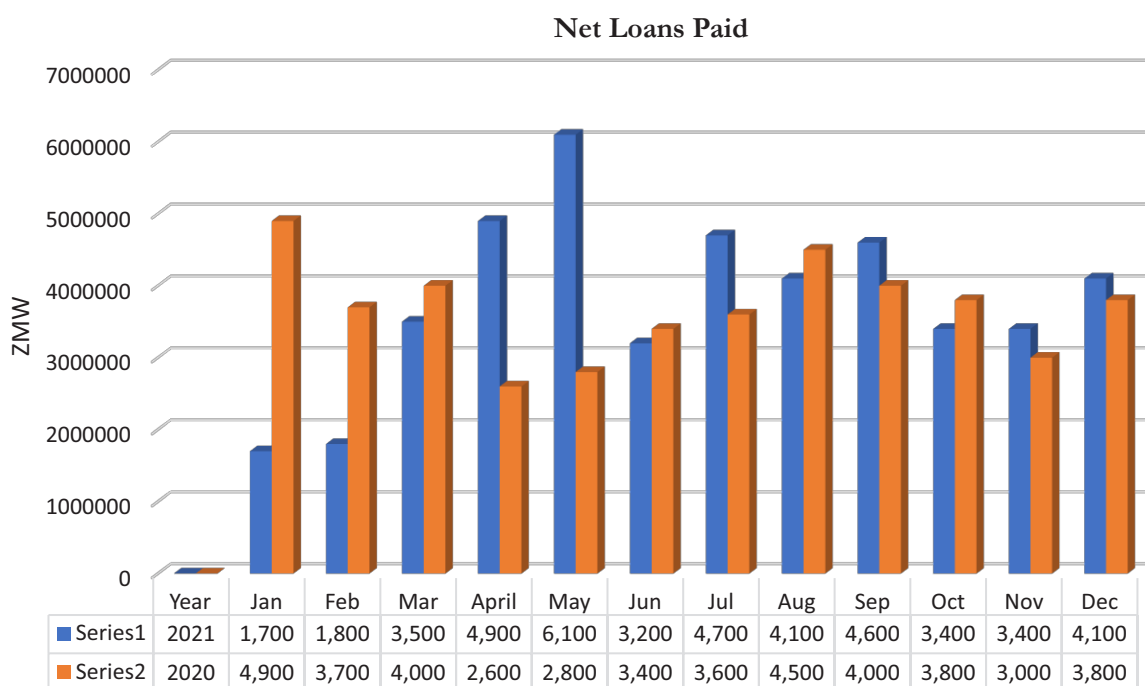
CREDIT COMMITTEE REPORT

This report is based on the activities for the year undertaken by the Credit Committee. The credit Committee comprises three board members working in tandem with secretariat to ensure that loans and withdraws are processed, approved, disbursed and recovered in a timely manner. The Committee in the period under review was led by Eda M Lifuka and two other Board of Directors; Chibuna Muteto and Takudzwa Mwila.

Loans obtained through the Cooperative have continued to provide relief for its members and allow them to invest in various activities. The board continues to be alert and responsive to the needs of its members especially during the COVID pandemic as regular work and assignments were affected adversely reducing movement, income and access to essential services which required making adjustments to cooperative operations.

NET PAYMENTS OF LOANS AND WITHDRAWS 2021 VS 2020

The net loans in 2021 increased by 3% from approximately K 44,102,020.00 in 2020 to K 45,502,021.00 showing a slight increase in the loan book of Cooperative. A notable decrease in uptake of commodity, education and emergency loan while on the other increased demand in the provident loan was observed.



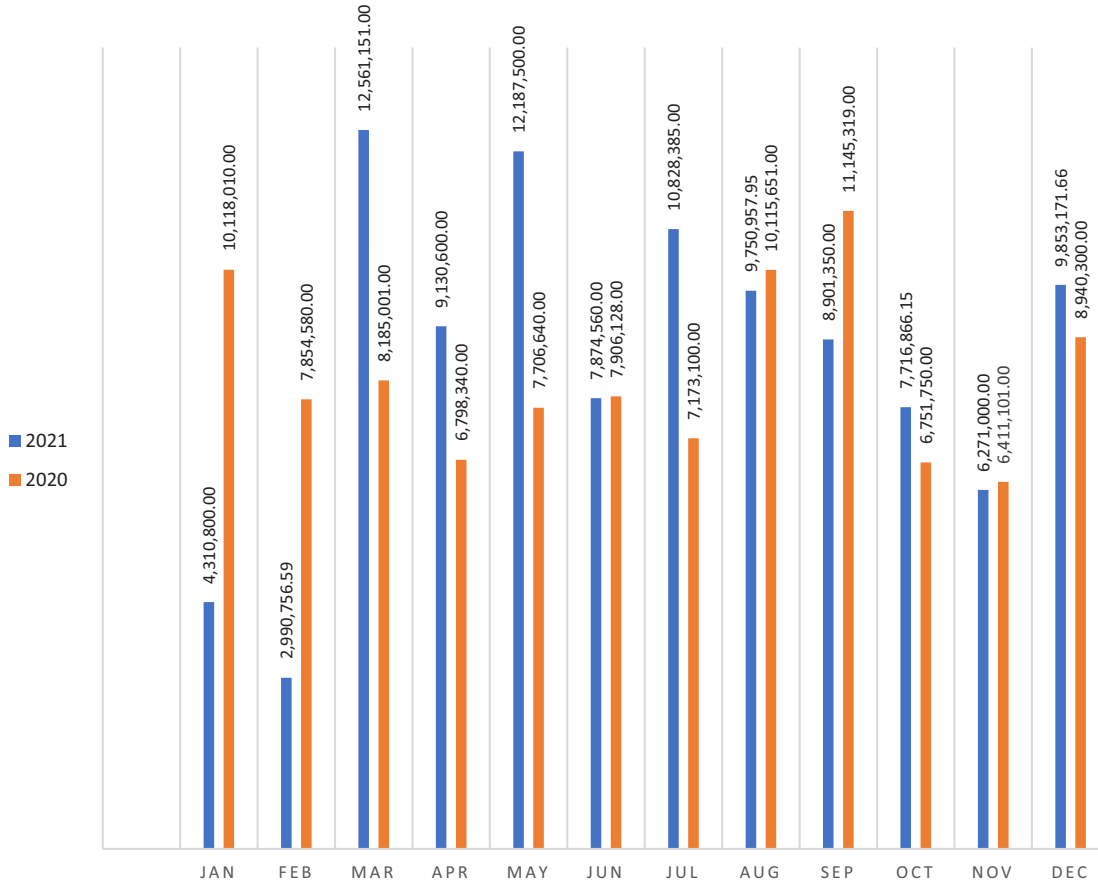
It is worth noting that 2021 experienced a significant increase in funds withdrawals which increased from K 1,519,000.00 in 2020 to K 3,286,705.13 (withdraws of K 2,380,911.28 and closures of K 905,793.85) in 2021. This could be attributed to member savings increasing against savings making members access a higher amount of withdraws and the Cooperative had deaths attributed to COVID-19 prompting closures of accounts for the deceased.

LOANS ISSUED 2021 VS 2020

During 2021, Nkwazi issued a total of K 102,377,098.35 in principle compared to K 99,105,920.00 in 2020 representing a 3% rise in amounts paid (a drop from the 5.8% recorded in 2020) with 931 loans applied for in 2021 versus 1,150 applied in 2020. Despite the drop in the number of loans issued, a higher value was realised. The Cooperative experienced a surge in total loans paid in March and May 2021 possibly due to opening of schools. The introduction of leave pays and staff incentives made members more financially fluid, should be mentioned that the Cooperative experienced more deposits from members towards loans and savings from the same funds. This could be attributed to the drop in loans in January, February,

October and November 2021.

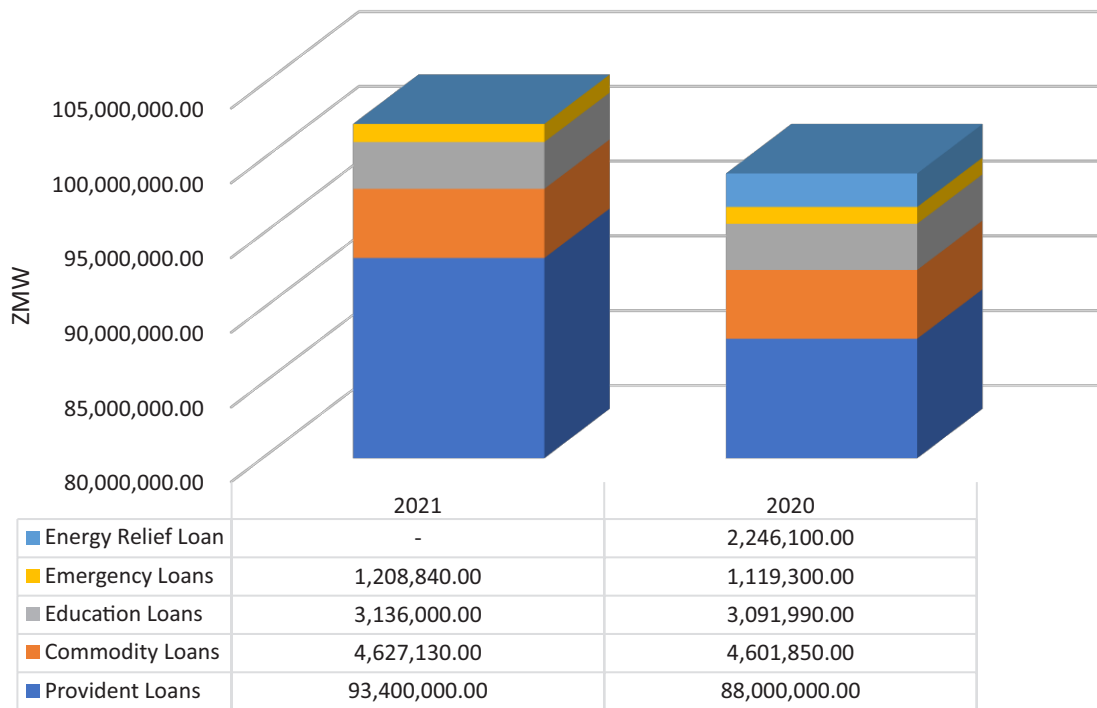
Loans Principal Issued By Month (ZMW)



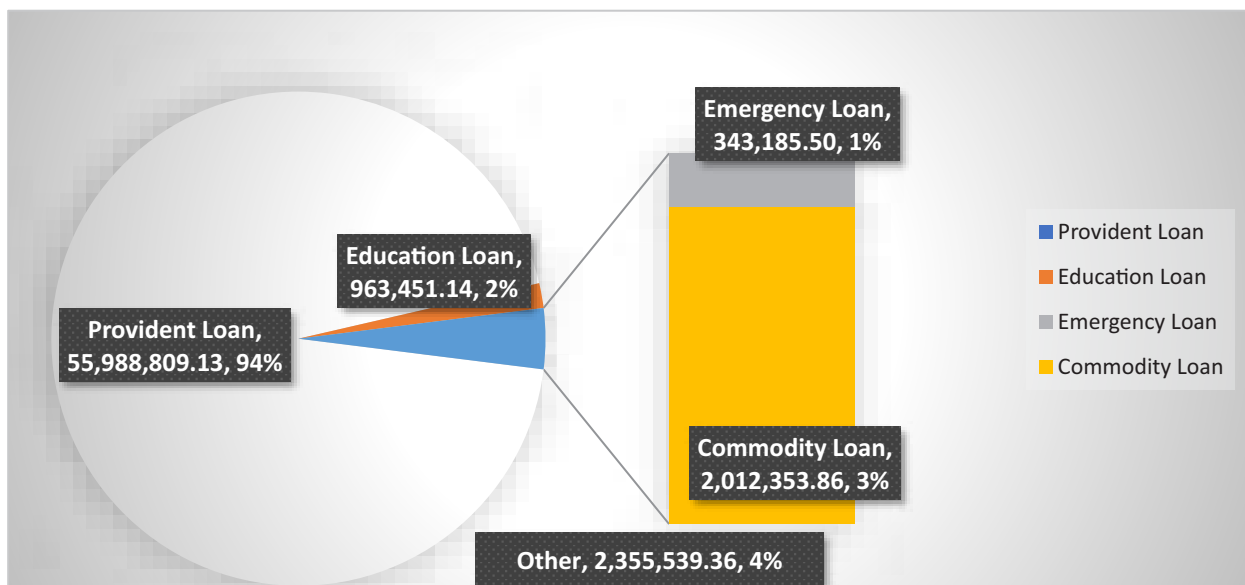
TOTAL LOAN APPLICATIONS BY CATEGORY FOR THE YEAR 2021

Based on the analysis below, majority of loans are provident loans and the least being the Emergency loan. As earlier mentioned, most members have been opting to merge the smaller loans to either the Provident loan or Commodity loan resulting in the smaller products reducing by the year. Members have also settled into acquiring loans that can be refinanced unlike the Emergency loan.

Loans Issued by Category



Below is the loans position for the Cooperative as of 2021, it should be observed in summary that the provident loan harbors most of the funds at K 55,988,809.13 representing 94% of the Cooperative funds whilst the Emergency stands at 1%.



OUTSTANDING LOANS AND DEFAULTERS

As at January 2021, the outstanding debt stood at K 700,270.37 of which K 261,913.72 was paid bringing the Cooperative to a balance of K 438,356.65 as of December 2021. It should be reported that we have since gone into active engagements with most of our defaulters and the feedback has been positive this far and we are confident this will reduce further in the near future. The Board and Cooperative staff continue to put in proactive measures to mitigate this, which includes; loan application appraisals, assessment of collateral by professional companies caveating property collateral received at the Ministry of lands. Another critical step taken by the Board is to strengthen and factionalize some measures from the loan policy to mitigate borrowing and protect member savings. The Cooperative as of 2021 enhanced controls by requesting members to attach contract of service and DCP statements as a way of risk assessments and mitigation. This has helped to obtain an understanding of overall loan exposure.

CONCLUSION

The year 2021 was relatively a challenging year for business and social economic activities for the members of Nkwazi and the country as a whole as the global pandemic threatened to slow down activities. The political environment also played a part as the country was anxious on the change in government but the Cooperative remained diligent in serving its core business amidst all these.

The Board is happy to report that despite the challenges, the Board and Secretariat are committed to ensuring loan processing is as smooth as possible and the members at large have equal opportunity to obtain the loan applied for whilst ensuring adequate security is provided.

Despite the transitioning to online applications, the Board is proud to report that the loans continued to be processed and members guided via emails and phone calls in light with the global pandemic.

We continue to encourage all our members to continue to save more, invest in profitable ventures and borrow wisely for their socio – economic development. The Credit committee will continue to monitor the debt profile and strengthen the cooperative's ability to manage risk.

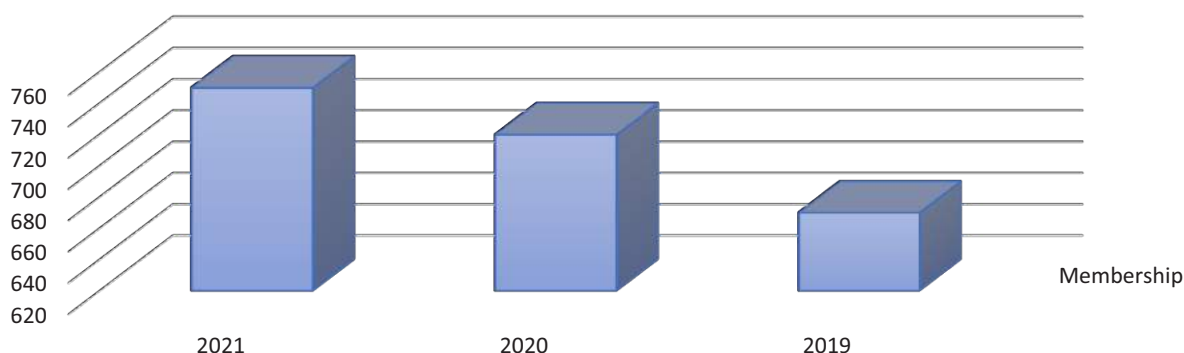
EDUCATION COMMITTEE REPORT

The Education Committee is comprised of three board members. In the year under review the office bearers were Vice Chairperson Getrude Mwenya, Director Danny Sikazwe and Director Kashiya Chabala. The committee is responsible for publicity, education and training programs including recruitment of new organizations and members.

Membership Statistics

Despite the impact of Covid-19 which included reduced projects funding and noticeable project closures, the cooperative continued to record a steady increase in its membership recording an 8% increase compared to 2020 results.

Membership Growth



ACTIVITIES PLANNED AND ACHIEVEMENTS

ITEM	ACTIVITY	RESULTS
Newsletter	The Committee has continued to circulate updates to members through the Newsletter. The 2021 edition included success story	One member submitted a success story which was published in the newsletter.
Website updates	Updates are made to the website as changes occur. Members can access various forms from the website. In the short term we are working on enhancing the website to be more interactive.	Ongoing updates made to the website.
Training and skills development	The committee managed to successfully schedule One training session for directors and staff.	Certificate of attendance issued to all participants.

CONCLUSION

The Education Committee is pleased with the steady increase in membership recorded over the years, currently the committee is looking at alternatives of ensuring member maximisation per existing agency as well as on boarding of new agencies.

The capture of success stories remains an ongoing activity of which the committee hopes to see more members coming forth to share their part of successes achieved as a result of affiliation with Nkwazi Cooperative.

MINUTES OF THE 23RD ANNUAL GENERAL MEETING

Location: Mulungushi International Conference and Virtual

Type of meeting: 23rd Annual General Meeting

Date: 15th May 2021

Directors Present:

1.	Mr. Richard Musukuma	Chairperson
2.	Ms. Getrude Mwenya	Vice Chairperson
3.	Mr. Danny Sikazwe	Treasurer
4.	Mr. Ferzio Mampwe	Secretary
5.	Ms. Eda Lifuka	Board Member
6.	Ms. Ivy Nawa	Board Member
7.	Ms. Kamiji Mulyata	Board Member

Absentees

Secretariat Present

1.	Ms Mweene Kasongo	Manager
2.	Mr. Timothy Ngoma	Senior Accountant
3.	Mr David Mwamba	Senior Credit Officer
4.	Ms Audrey Bwalya	Accountant
5.	Ms Caroline Mwila	Customer Experience Advisor
6.	Enock Mwata	General Service Assistant

Invited Guests

1.	Justin R Mwansa	Registrar of Co-operatives Societies
2.	Kennedy Mbuzi	Officer – Department of Co-operatives
3.	Clement Phiri	Corpserve Zambia
4.	Prisca Chizi	Corpserve Zambia
5.	James Ndhlovu	Corpserve Zambia
6.	Lesley Davies Muzamba	Corpserve Zambia
7.	Setfree Napi	Corpserve Zambia

Members Present

Attached addendum (i)

Agenda

1. Opening remarks by the Chairperson.
2. Reading and adoption of the proposed Agenda.
3. Remarks by the Registrar of Co-operative Societies.
4. Reading and approval of prior AGM minutes.
5. To receive and consider the Chairperson's report.
6. To receive and consider the Treasure's Report and Audited Financial Statements for the year ended 31st December 2020.
7. Adoption of the Reports.
8. Appointment of Auditors for the year ending 31st December 2021.
9. Adoption and consideration of motions brought to the meeting.
10. Pronouncement of retiring Board members.
11. Any other business.

1. Convening of meeting

The Chairperson, Mr. Richard Musukuma in his welcoming remarks thanked everyone attending the meeting and expressed his gratitude for a good member turnout despite the meeting being held virtually. The 23rd Annual General Meeting was called to order at 08:41 hours with a quorum of 30% of eligible members. The recording secretary was Mr. Timothy Ngoma.

2. Reading adoption of the proposed Agenda

Upon leading the deliberation, Board Secretary Mr. Ferzio Mampwe proposed the meeting Agenda for adoption, this was seconded by Mr. Lameck Kachali and Mr Geoffrey.

3. Remarks by the Registrar of Co-operative Societies

The Registrar of Societies Mr Justin R Mwansa thanked everyone present at the meeting and emphasized on the need for Cooperatives to ensure AGMs are conducted on an annual basis as it a legal requirement as stipulated by the Cooperative Act.

The registrar commended the board for its dedicated efforts to meeting the legal requirement to hold AGMs, he noted that despite the Covid-19 pandemic, Nkwazi cooperative has managed to hold two successful Virtual AGM and was hopeful that this would continue as it strengthens the structure of the cooperatives and ensures that new board members are ushered in at the time long serving board members retire.

4. Reading and approval of prior AGM minutes

The Board Secretary advised the meeting to send prior AGM minuets correction and any critical issue to the secretariat, this was in order to save on reading time considering that the meeting was held virtually, members would experience connectivity challenges once meeting is prolonged and not be able to follow through meeting proceedings.

5. To receive and consider the Chairperson's report.

In his report the Chairperson recognized the Presence of the Registrar of Cooperatives Mr Justin R Mwansa, Fellow directors and past board members, Secretariat and general membership of Nkwazi.

His report highlighted the unprecedented impact of Covid-19 on both Global and Local economies, summary of Nkwazi Financial performance for the year ended 2020 and addressed some key milestones and challenges. Below were the key summaries from the presentation.

Key Achievements

- 26% Revenue growth and 15% growth in Fund size
- Increased interest payment to members to ZMW5.4 million from ZMW3.4 million in preceding year.

- Outstanding Loans amounted to ZMW54.7 million and Yielding 15% income and financial investments placements amounting to ZMW15.3 million yielding ZMW1.9 million income.
- Strengthened secretariat Finance function through creation of Senior Accountant position.
- Identified vendor for new loans system. (WESE)

Challenges

- Global Economies shrunk by -4.9%, Zambian inflation closed at 19.20%
- Slow membership growth
- Non-performing loans remained a threat
- 15% loan Capped on loans is spread over maximum loan tenor (24 Monthly) this changes the effective interest rate to 8% per annum, when according to bi-laws the 15% rate should be per annum.

In closing remarks, the chairperson thanked members for according him the opportunity to be part of the board as his tenor came to an end and encouraged the incoming board to work together with the members to avoid monopoly.

6.To receive and consider the Treasurer's Report and Audited Financial Statements for the year ended 31st December 2020

The treasurer Mr Danny Sikazwe presented his report beginning with a comment on both global and local economy performance. He highlighted the poor performance of the local currency closing at ZMW21.17 to the US Dollar attributing the effects of COVID and increased debt service levels to the bearish run of the local unit.

The treasurer also addressed on credit conditions highlighting a tighter lending criterion which was occasioned by weak economic conditions. He stated that loans uptake was categorised in different fashions on one side demand for car loans declined as the kwacha lost value, mortgage loans also fell on the back of high property and building materials, demand for long term financing also deteriorated due to uncertainty and weak business activity.

While on the other hand, demand for personal loans to meet tuitions fees and related educational expenses rose as schools re-opened following relaxation of Covid-19 restrictions.

The treasurer's summary on Nkwazi performance was as follows:

- Revenue increased by 26% compared 7% in 2019, this was as a result of increased diversified investments.
- Profit reduction to ZMW1.9 million from ZMW5.9 million posted in 2019, the significant reduction was as a result of change in accounting principle to recognise interest paid on dividend as a cost, in prior years this was treated as a dividend.
- Asset weight of 69% Loans, 19% Financial Investments, 9% Cash and 3% office Building. Total asset size ZMW78 Million.

In the closing remarks the treasure informed the meeting that the Cooperative was paced for a strong performance going into 2021 owing to implemented strategies which focus on creating a balance between loan product offering and Financial Investments.

Credit Committee Report

The Credit committee report was presented by Ms Eda Lifuka, outlined in the report was an increase in Loans disbursed of 5.8% with 1150 loans applied for in 2020, compared to 1273 processed in 2019.

The meeting was informed that despite the reduction in number of loans processed, the amount applied for increased which was mainly characterised by provident loans while all other four loans (Education, Commodity, Emergency and Energy Relief) reduced.

The credit committee also informed the meeting that there was an increase in loans in default by 57% to ZMW681,839 from ZMW434,205. This increase was as a result of recognising old loans not provided for in prior years.

Ms Eda informed the meeting that members were encouraged to continue to save more, invest in profitable ventures and borrow wisely for their socio-economic development. She also stated that the credit committee will continue to monitor the debt profile and strengthen the cooperatives' ability to manage risk.

Education Committee Report

The education committee report was presented by Ms Getrude Mwenya, she informed the meeting that the committee only had two members due to the postponement of the elective AGM as a result of Covid-19.

Ms Mwenya also informed the AGM that the committee focused on existing Agency member recruitment due to closure of many targeted Agencies as a result of downsizing operations impacted by covid-19. The committee reported an increase in membership at 729 representing 7% increase from 2019. Ms Mwenya also informed the meeting on the planned activities for the years which included newsletters, website updates and training programs.

7. Adoption of Reports

With the Auditor being absent for the meeting, the treasurer read the unqualified audit opinion on the financial statements for the financial year ended 31 December 2020.

A resolution was passed to receive and adopt the Chairmans' report, Treasure's report and audited Financial Statements of the Cooperative for the year ended 31 December 2020. Reports were adopted as per below votes.

escrowgroup

Nkwazi 2021. AGM No. 4

15 May 2021

NO.	RESOLUTION	FOR	AGAINST	ABSTAIN
1.	Adoption of the minutes of the 22nd	5	0	0
2.	Adoption of the Committees Reports	5	0	0
3..	Adoption of the 2019 Audited Financial Statements	4	0	0.

8. Appointment of Auditors

The treasurer informed the meeting that the board decided to retain D&G Management consultants as the Cooperative auditors for the financial year ending 31 December 2021.

Matters Arising from Reports

- 1) Action done about bad debts – The credit committee informed the meeting that it had engaged a debt collection company and a lawyer to assist, however only marginal movement was observed hence recovery of debt remained a concern.
- 2) Defaulter composition – A subsequent follow up question was posed regarding makeup of the defaulters, the member enquired if defaulters included members who had passed on.
In response the credit committee informed the meeting that the make up included different scenarios, some defaulters were working out of Lusaka with different companies but no Memorandum of Understanding (MOUs) and that the list comprised of total 15 members of which 2 had significant outstanding loan balances. In addition, the outgoing Chairperson stated that there was need to have in place a standardised loan appraisal and risk assessment for non-recovery. He advised the incoming board to consider ways of mitigating risk.
- 3) Insurance Policy for Loans – a member enquired of the option to use Insurance to cover loan default. In his response the outgoing Chairperson informed the meeting that this option received hesitation from members to take the insurance cost.

He also stated that furthermore, the Insurance companies often times would request that all loan recovery options are exercised before they come in to pay.

- 4) Dollar Denominated Investments or mutual funds – a member enquired whether the cooperative had any dollar denominated investments. The treasurer informed the meeting that plans were in existence and at reporting time the Cooperative held some cash in hard currency.
- 5) Restricted Service- a member enquired of reason why Nkwazi service was restricted to United States Government (USG) members when there is high demand for loans from the public.
The education committee responded that there was need to assess risk associated with other institutions before they can be considered to be recruited, Ms Mwenya advised that as soon as this exercise was conducted the cooperative would consider on boarding other NGOs.
The outgoing Chair also informed the meeting that there was need to review by-laws which was put on hold due to covid and also a relook at current MOUs.
- 6) Success stories – The education committee received and noted comment from a member to include success stories in future newsletters.

9. Adoption and consideration of motions brought to the meeting.

There were two motions received, however could not be table on the AGM as they focused on administrative issues and policies.

The outgoing chairperson re-emphasized the need for members to feel free to write to the secretariate on matters they feel needed to be improved especially issues of economic benefit to the cooperative.

10. Pronouncement of retiring Board members.

The registrar of Societies informed the AGM of the directors retiring,

- 1) Chairperson – Mr Richard Musukuma, who had served for more than 6 years on the board was retiring and did not qualify for re-election.
- 2) Director – Ms Ivy Nawa, served for less than 6 years, however declined to be re-elected.
- 3) Director- Ms Getrude Mwenya, served for less than 6 years qualified for re-election.
- 4) Director – Ms Eda Lifuka, served for less than 6 years qualified for re-election.
- 5) Available 2 vacant position which remained unoccupied owing to the postponement of prior AGM due to Covid-19.

New elected Board

There were 4 new members elected to the board and 2 members re-elected. Below is a list of new board after a successful election.

- 1) Mr Ferzio Mampwe – Chairperson elected
- 2) Ms Getrude Mwenya – Vice Chairperson re-elected
- 3) Mr Simate Simate – Treasurer Elected
- 4) Ms Kamiji Mulyata – Secretary
- 5) Mr Dany Sikazwe – Board Member
- 6) Ms Eda Lifuka – Board member Re-elected
- 7) Ms Kashiya Chabala – Board Member Elected

- 8) Mr Chibuna Muteto – Board Member Elected
- 9) Mr Takudzwa Mwila – Board Member Elected

The registrar commended the outgoing chairperson Mr Richard Musukuma and congratulated the new Chairperson Mr Ferzio Mampwe.

11. Any other business

A matter was raised by Mr Chilima Laima who made a follow up from outstanding matter during the AGM held at Cresta, this was a matter regarding a balance in the suspense account which should have been shared among members, his follow up came as he had not received any response from the previous board.

The outgoing Chairperson responded to Mr Laima's query informing the meeting that this balance came as a result of transition from old accounting system to current Navision system and this balance had been cleared through the introduction of equity growth which is posted to members account every year. The first post was done in 2020.

12. Adjournment

The new appointed Chairperson Mr Ferzio Mampwe thanked the outgoing Chairperson Mr Richard Musukuma, the registrar of societies Mr Justin Mwansa and welcomed the new board encouraging them to work together to take Nkwazi to another height, he also informed the meeting of the changes taking place at the secretariat including the departure of Ms Mweene Kasongo from the position of Cooperative Manager a position which was later to be filled in internally by Mr Timothy Ngoma, he further stated that there would be more changes expected owing to this transition.

With no further business the meeting was adjourned at 12:59 hours.

Minutes prepared by,

Timothy Ngoma, Manager.

ADDENDUM (I)

Count	Name	Email Address
1	MUSUMALI MASUKA	mmusumali@usaid.gov
2	DR JOSEPH NIKISI	jnikisi@gmail.com
3	KABUNGO KACHELO MWAPE	kkachelomisnow@gmail.com
4	TAKAWIRA CHILESHE J BWALYA	cbwalya@peacecorps.gov
5	TAKAWIRA JUDITH	jtakawira@aislusaka.org
6	ENALAH TEMBO	etembo@aislusaka.org
7	CHABALA-CHIKOTOLA CHARITY	chabalachikotolac@state.gov
8	PHIRI ALFRED	alfredphiri1@gmail.com
9	NYANOKA CHARLES	cnyanoka@usaid.gov
10	KACHALI LAMECK	lameck.kachali@gmail.com
11	MTONGA EMELDAH MBOBELA	mecky2009@yahoo.com
12	GLADYS BANDA MAKUMBI	babwalya@yahoo.com
13	MUBIANA P NAKWAMBWA	mubianap@state.gov
14	LUWE ELIAS	LuweE@state.gov
15	KONI PHILIP	phillip.koni@gmail.com
16	SINGOGO ANTHONY	anthony.singogo@gmail.com
17	HANUNKA BRAVE	bravehanunka@gmail.com
18	KALUBA TEMWA JOSHUA	tkaluba@peacecorps.gov
19	SAKALA TOM	sakalaT@state.gov
20	ULAYA PATRICIA ZULU	ulayap@state.gov
21	DAKA GHABELA	ghabeladaka@yahoo.com
22	NYIRENDA ANNIE KAUSENI	anyirenda07@gmail.com
23	HACHIBITI-MUMEKA KAREN	khachibiti@peacecorps.gov
24	CHAMA KENNEDY	chamakennedy00@gmail.com
25	HAMUSONDE BEATRICE	bhamusonde@comesa.int
26	MUTETO CHIBUNA	cmuteto@usaid.gov
27	CHANDA-KASESE PAULINE N	pkasesechanda@usaid.gov
28	NICOLUS MELUSI ZULU	nicolusmelusi@zambia.co.zm
29	MILLIOT ZULU	milliot.zulu@gmail.com
30	SIMUYUNI PHILLIP	phillipsimuyuni12@yahoo.com
31	CAROLINE MWILA	mwilacaroline@gmail.com
32	JASSIEL MSOKA	jassielmsoka@gmail.com
33	KAPAMBWE ALFRED M	alfredmk3@gmail.com
34	MAKUZI NYAMBE	makuzi.nyambe@jhpiego.org
35	ESINEYA CHILUMBU	esichilumbu@gmail.com
36	CHIWISA CLARESS	cchiwisa@peacecorps.gov
37	NANGALELWA JOHN	jnangalelwa@peacecorps.gov
38	BIKO SOKO	biko.soko@gmail.com
39	NALUCHA KAMANGA	nalucalk@yahoo.com
40	MWEENE KASONGO	mweenekc@gmail.com
41	KALOZA FANON	kaloza@state.gov

42	TEMBO ROSE	Nuj2@cdc.gov
43	MWANZA BRENDA	kisha.ngandu@gmail.com
44	COSMAS MUNUNGA NDUMBA	ndumbacosmas@gmail.com
45	CLEOPATRA CHABALENGE	chabalengecleo123@gmail.com
46	FUSANI WINNIE	wfunsani@peacecorps.gov
47	LUNGU GRACE	grace21lungu@gmail.com
48	CHANSA SIAMUZYULU	csiamuzyulu@usaid.gov
49	CONNIE MULEYA	chaakalaki@gmail.com
50	SIMATE SIMATE	simatezm@gmail.com
51	MUTAMBO KAMUCHIZYA	kamuchizyakm@gmail.com
52	CHANDA LOMBE	lomchanda@gmail.com
53	PAUL NDEMBI SHILIKA	paulshilika@yahoo.com
54	KELVIN MUYUNI	kmuyuni@path.org
55	TAMBATAMBA TAMBA	tamba2110@gmail.com
56	CHENDA TAPIWA	chendarich@gmail.com
57	MUSHAUKO CATHERINE	cmushauko@peacecorps.gov
58	JENNIFER ANUNSACION	jenmusole@gmail.com
59	NALUAMA CLETUS SIAMUWELE	naluamac@gmail.com
60	MWAMAINDA MAMBO N'TAIMO	mwamaindamambo18@gmail.com
61	MARVIN ZULU	marvinzulu6@gmail.com
62	ALFRED MALIJANI	chemmali27@gmail.com
63	KABWE EMMANUEL	Eblk266@gmail.com
64	KAMBOLE WISEMAN	kamboleW@state.gov
65	SICHEMBE TAMARA Z	zitamie@gmail.com
66	SIMUMBA SONIA MWIZYE	sonia.simumba@gmail.com
67	ZULU STANSLAS	stanslas@outlook.com
68	CHIWELA CHRISTOPHER	chiwelachristopher@gmail.com
69	AKAPELWA MWINSI	mwinsi.akapelwa@gmail.com
70	NKHATA CAROLINE	NkhataC@state.gov
71	MIYOBA NAMAKOBO	miyobanamakobo@gmail.com
72	TIMOTHY KASUBA	timothykasuba@yahoo.com>
73	CLIFFORD MULUMBA	cliffordmulumba@gmail.com
74	DARIOT MUMBA	dariot_mumba@zm.jsi.com
75	MWASE ISAAC	Isaac.Mwase@yahoo.com
76	LOMBE BROWN MULENGA	lombe_mulenga@yahoo.com
77	NGWIRA DONALD	dngwira11@gmail.com
78	KUFEKISA-AKAPELWA MULIMA	mulima.akapelwa@gmail.com
79	SHAKANKALE NOBUTU	nshakankale@yahoo.com
80	CHITAMBI BESA	chitambibesa@gmail.com
81	ELTON MOYO	moyoelton@yahoo.com
82	FELISTUS KATEBE	katebefelistus@yahoo.com
83	ROSE LUNGU	rslungu@gmail.com
84	AMBULAYA SHUPA	shupaa@live.com
85	CHILULWE CHRISTABEL	chiluwemchristabel@gmail.com

86	JONATHAN KAMWENDO	jbkamwendo@gmail.com
87	BANDA NELSON	nbanda70@gmail.com
88	CHELLAH MAYBIN	chellahmx@state.gov
89	CHIHUBWE PEYA	chihubwep@state.gov
90	CHISALA MIBENGE ELIZABETH	echisala@usaid.gov
91	CHONA CHISUTA YVONNE	yvonnechona@gmail.com
92	DAKA VINCENT	dakava@state.gov
93	DAMASEKE MLOTHA	mdamaseke@usaid.gov
94	HAMUSONDE MILDRED	mildre_botha@yahoo.co.uk
95	JILA CHINUKI MERCY	jilamc@state.gov
96	KALIZINJE MAURICE	kalizinjem@gmail.com
97	KANGANJA M ERNEST	kanganjaem@state.gov
98	KASENGA ALLAN KAPANSA	kasenga@gmail.com
99	KAYOMBO THOMAS	thomaskayombo@yahoo.com
100	LIFUKA MUTALE EDA	edalifuka@gmail.com
101	LISULO WINA	wlisulo@peacecorps.gov
102	LIWAKALA KELVIN	liwakalak@state.gov
103	LUNGU KILLION	lunguk@state.gov
104	LUNGU MILIYONI	LunguM@state.gov
105	MATOLA M FAIDES	matolaf@state.gov
106	MBEWE MECHA	mbewem2@state.gov
107	MUKOMBA JOSEPH	MukombaJ@state.gov
108	MULEBA MILDRED	mildmuleba@gmail.com
109	MULENGA ELIAS	mulengaex@state.gov
110	MULYATA KAMIJI	kamijimulyata@gmail.com
111	MUNSONGO C GEOFFREY	MunsongoGX@state.gov
112	MUSONDA MWAKA ALICE	Asimfukwe18@gmail.com
113	MUSONDA CHANDA	cmusonda@usaid.gov
114	MUTIZHE AGNESS	Mutizhea@cdc.gov
115	MWANZA AMOS	Mwanzaax@state.gov
116	MWEENE C BEATRICE	Bmweene@usaid.gov
117	MWENYA GERTRUDE	getrudemwenya@yahoo.com
118	MAAMBO NAMWAAZE	Namwaazem@state.gov
119	KASHIYA MWANDA CHABALA	kashiyamchabala@gmail.com
120	FREDRICK CHIBANDIKA	Frederick.Chibandika@jhpiego.org
121	YVONNE NALUVWI	ynlauvwi@usaid.gov
122	KHUNGA HELEN	hkhunga@usaid.gov
123	MUPETA MUNDI SALASINI	mundi.salasini@yahoo.com
124	KABUSWE ANGELA	akabuswe@usaid.gov
125	BWALYA HENRY	bwalyahenry@hotmail.com
126	CHIWISA DAVID	dchiwisa@peacecorps.gov
127	ZULU EUGENIA CHOOLOBWE	ezulu@cdc.gov
128	LAIMA CHILAMA GODFREY	chimzlaima@gmail.com
129	CHILUFYA CLEMENT	chilufyac@state.gov

130	MWILA TAKUDZWA M	mwilat@state.gov
131	MOONO CHRISPINE	moonoc@state.gov
132	MONDOLOKA ZYALELA J	okd3@cdc.gov
133	JOSHUA KASHITALA	joshua_kashitala@zm.jsi.com
134	MOONGA BRIAN MUKUMBI	brimoonga80@yahoo.
135	CHILEMU KEVIN	kchilemu@usaid.gov
136	TUYU CHISHIBA	chishibatuyu@gmail.com
137	TEMBO OBSTER	otembo@peacecorps.gov
138	MILIKA EDITH ZIMBA	milized2000@yahoo.com
139	MUNTHALI LOYCE C	lmunthali@usaid.gov
140	MALILWE MASOLE MULENDEMA	malilwemasole@gmail.com
141	MALAMA PAUL	malamapk@state.gov
142	MWABA WHITESON	wmwaba@peacecorps.gov
143	JENNIPHER KALUMBETA	jkalumbeta@gmail.com
144	MWANZA ELASTONE	mwanzaelaston@yahoo.com
145	BANGWE CHARLENE	cbangwe@gmail.com
146	JUSTINA P MTHONISWA	kaphako16@yahoo.co.uk
147	ESTHER PANDAWE KAMANGA	epandawe@gmail.com
148	PRISCA KANYAMA	pkanyama@aislusaka.org
149	MACNICIOUS MWIIMBA	mmwimba@gmail.com
150	MACHA CHUKA B	bmacha60@gmail.com
151	MWAPE KAPUMPA	kundanaji.kapumpa@gmail.com
152	CHISHIMBA MAXIMILLIAN CHILESH	chishimba27@gmail.com
153	JIMMY SIACHOBE	jsiachobe@gmail.com
154	EMMANUEL CHOTA	echota@aislusaka.org
155	DIXON MVULA	dixon.mvula@gmail.com
156	MALAMBO WARREN	warrenmxt@gmail.com
157	MWAMBA JONATHAN	mwambaj@state.gov
158	MWANGALA JUDITH SIANGA	judybornwell06@gmail.com
159	JENNIPHER KASAPO MWENYA	kasapomwenya@gmail.com
160	HENRY SICHINGA	hmsichinga@hotmail.com
161	NGOMA MULEYA DAWSON	NgomaMD@state.gov
162	NGOMA MASUZGO	ngomamg2@gmail.com
163	NKANDU PRISCILLA	pnkandu@usaid.gov
164	NTENGERENJI DOROTHY	DotNtengerenji@gmail.com
165	NYIRENDA C MOSES	nyirendamc@state.gov
166	PHIRI LINDA	Phirilk@state.gov
167	PHIRI NGAITILA	Nphiri@usaid.gov
168	SICHIWEZA KELVIN	sichiwezak@state.gov
169	SICHULA DANIEL	sichularian@gmail.com
170	SIKAZWE DANNY	dannysikazwe@gmail.com
171	SINDALA CHENGE	chengesindala@gmail.com
172	SINGOYI SOLOMON	singoyis@state.gov

173	SIPALO NGENDA FRANCIS	pdsipro@ymail.com
174	SIPIWANI OPERATION	osipiwani@yahoo.com
175	ZONDE FELIX	zondef@state.gov
176	ZULU K ELIZABETH	ekapembwa@yahoo.co.uk
177	ZUMANI ROSELYN	rkzumani@yahoo.com
178	LUNGU GODFREY	godfreylungu@yahoo.com
179	MUKWAILA MUCHETA JANE	jmukwaila@gmail.com
180	KAMANGA JOSEPH	jkamanga@fhi360.org
181	CHIHILI MOYO CLAIRE	cmchihili@yahoo.com
182	CHANSA E KATONGO	chansaekatongo@outlook.com
183	KALEYA MULENGA STEPHEN	smkaleya@yahoo.com
184	TEMBO MISHECK	mishtembo@yahoo.co.uk
185	MHANGO DORIS	mhangodmmm@gmail.com
186	SAILI MATHEW	mathewsaili@gmail.com
187	KALUMBU BENARD	kalumbuB@state.gov
188	KUNDA LENGWE JOHN 1	lengwe.kunda@gmail.com
189	MWANSA ELVIS	mwansaEX@gmail.com
190	BANDA SIMON	thurbanda16@yahoo.com
191	MWALE ELIAS	eliasmwale@gmail.com
192	KHONDIWA HARTLEY	hartleykhondiwa@gmail.com
193	MFULA MOYO MARY	km2cyber@hotmail.com
194	MAMPWE C FERZIO	fcm.lck01012012@gmail.com
195	MULEYA PHIRI DOREEN	dmuleya@usaid.gov
196	MUBANGA CHILESHE JOSEPHINE	chilehem@state.gov
197	MULENGA JONATHAN	Jonathan.Mulenga@jhpiego.org
198	MITI MANGOMBE PRISCILLA	priscillamiti@gmail.com
199	CHISHA SINGO SIPIWE	chishass@state.gov
200	MUYUNDA G MWANAMWALYE	George.Muyunda@jhpiego.org
201	BWALYA CHARITY	chabwalya@yahoo.com
202	KULELWA JOSEPH	kulelwaj@state.gov
203	MULEVU JACKSON	mulevuj@state.gov
204	MUPASHI THOMAS	tmupashi@yahoo.com
205	NGOMA HARRY	hngoma@usaid.gov
206	SIAMACHOKO D CORNWELL	siamachokod@state.gov
207	CHILUFYA HENRY	chmwelwa@gmail.com
208	KASEYA FRAZER	fkaseya@peacecorps.gov
209	CHIPALO S WAPATWA	wchipalo@usaid.gov
210	GWAI BLACKSON	gwaibm@state.gov
211	KUNDA M ANTHONY	amkunda@yahoo.com
212	MUSUKUMA RICHARD YUMBE	richardmusukuma@gmail.com
213	MWAMBA MUTATI DAVID	mwambamutati@gmail.com
214	KWALEYELA NALISHEBO MULONDA	nkwaleyela@peacecorps.gov
215	PHIRI H ARLENE	aphiri@usaid.gov



**Financial Statements
for the year ended 31 December 2021**

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	Zambia
Nature of business and principal activities	Provision of loan and saving products to its members
Directors	Mr. Ferzio Mampwe Ms. Getrude Mwenya Mr. Simate Simate Ms. Kamiji Mulyata Ms. Eda Lifuka Mr. Danny Sikazwe Mr. Chibuna Muteto Mr. Takudzwa Mwila Ms. Kashiya Chabala
Registered office	Plot No 36 Senama Park, Ibex Hill Lusaka
Business address	Plot No 36 Senama Park, Ibex Hill Lusaka
Postal address	P.O Box 50547 Lusaka
Bankers	Standard Chartered Bank Plc First National Bank Limited Stanbic Bank Limited
Auditors	D&G Management Consultants
Secretary	Ms. Kamiji Mulyata

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Contents

	Page
Notice of Meeting	37
Directors' Responsibilities and Approval	38
Directors' Report	39
Independent Auditor's Report	41
Statement of Financial Position	44
Statement of Profit or Loss and Other Comprehensive Income	45
Statement of Changes in Equity	46
Statement of Cash Flows	47
Accounting Policies	48 - 54
Notes to the Financial Statements	55 - 63
Detailed Income Statement	64 - 65

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notice of Meeting

Notice is hereby Given that the Annual General Meeting (AGM) of the members of Nkwazi Cooperative Savings and Credit Society Limited will be held in Lusaka on 7th May 2022 for the following purposes:

1. Opening remarks by the Chairperson.
2. Reading and adoption of the proposed Agenda.
3. Remarks by the Registrar of Co-operative Societies.
4. Reading and approval of prior AGM minutes
5. To receive and consider the Chairperson's report.
6. To receive and consider the Treasurer's and Audited Financial Statements for the year ended 31st December 2021.
7. Adoption of the Reports.
8. Appointment of Auditors for the year ending 31st December 2022.
9. Adoption and consideration of motions brought to the meeting.
10. Pronouncement of retiring Board Members.
11. Any other business.

By order of the Board

Ms. Kamiji Mulyata
BOARD SECRETARY

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Directors' Responsibilities and Approval

The Directors are required in terms of the Cooperative Act of 1998 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the cooperative as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal controls established by the cooperative and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the cooperative and all employees are required to maintain the highest ethical standards in ensuring the cooperative's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the cooperative is on identifying, assessing, managing and monitoring all known forms of risk across the cooperative. While operating risk cannot be fully eliminated, the cooperative endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.


The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Cooperative's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the Cooperative has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Cooperative's financial statements. The financial statements have been examined by the cooperative's external auditors and their report is presented on pages 7 to 9.

The financial statements set out on pages 10 to 30, which have been prepared on the going concern basis, were approved by the Board of Directors onand were signed on their behalf by:


Mr. Ferzio Mampwe
 Chairperson


Mr. Simate Simate
 Treasurer

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Nkwazi Cooperative Savings and Credit Society Limited for the year ended 31 December 2021.

1. Principal Activities

The principal activities of the Cooperative is the provision of loan and saving products to its members.

2. Results

The profit for the year amounted to K3,945,203 (2020: K1,984,138). A dividend of K140,000 (2020: K133,600) has been declared by the Board.

3. Directors

The Directors who held office during the year were:

Directors	Position	Committee	Date Elected
Mr. Ferzio Mampwe	Chairperson	Executive Committee	May 2021
Ms. Getrude Mwenya	Vice Chairperson	Education Committee	May 2021
Mr. Simate Simate	Treasurer	Executive Committee	May 2021
Ms. Kamiji Mulyata	Secretary	Executive Committee	May 2021
Ms. Eda Lifuka	Board Member	Credit Committee	May 2021
Mr. Danny Sikazwe	Board Member	Education Committee	March 2019
Mr. Chibuna Muteto	Board Member	Credit Committee	May 2021
Mr. Takudzwa Mwila	Board Member	Credit Committee	May 2021
Ms. Kashiya Chabala	Board Member	Education Committee	May 2021

In accordance with the By-Laws of the Cooperative, two Board Members are due to retire at the next Annual General Meeting (AGM) and elections will be held to fill the vacancies

4. Share capital

The Cooperative is owned by the employees of various Non-governmental organizations in Zambia. The share capital of the Cooperative is as shown below

	2021	2020
Ordinary shares, valued at K50 per 200 shares (K10,000) for each member	K7,253,593	K7,219,104

The increase in ordinary shares was mainly due to share revaluation.

	Number of Members 2021	Value of Shares 2021	Number of Members 2020	Value of Shares 2020
Fully Paid Up Members	700	7,000,000	668	6,680,000
Partially Paid Members	43	253,593	61	539,104
	743	7,253,593	729	7,219,104

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Directors' Report

5. Capital Expenditure

Capital expenditure for the year amounted to K301,738 (2020: K445,801).

In the opinion of the Directors, the fair values of land, buildings, property, plant and equipment are not less than the amounts at which they are included in the financial statements.

6. Employees

The average number of employees during the financial year under review was 7 (2020: 6). The total remuneration paid to the employees during the year was K2,017,578 (2020: K1,661,303).

7. Corporate Governance

The Cooperative continues to commit itself to achieving high standards of corporate governance by adhering to the two key elements of supervision or monitoring and ensuring accountability.

The Board consists of nine Non-Executive Directors. The Manager who is the head of management at the Cooperative is an ex-official of the Board. The roles of Chairman of the Board and Manager are clearly defined.

The Board of Directors confirms that the Cooperative complied with all internal control requirements and practices as part of good corporate governance. They also confirm that the Cooperative does not have an internal audit department or audit committee because of its size. However, there are strong internal controls such as segregation of duties for approvals relating to credit, accounting, and payment transactions.

The Board meets at least four times a year and concerns itself with key matters and the responsibility of implementing the Cooperative's strategy is delegated to management. There is open communication between management and board members.

The financial statements have been prepared in accordance with the Zambia and International Financial Reporting Standards (IFRS) and comply with the Cooperative Act of 1998.

The Board understands its role and relationship with the members of the Cooperative. It acknowledges that its role is to promote the interests of members and recognizes that it is accountable to the members for the performance of the Cooperative.

8. Events after reporting period

The Directors are not aware of any material matters or events which occurred between the accounting date and the date of this report which might influence an assessment of the Cooperative's financial position or the results of its operations.

9. Terms of appointment of the auditors

D&G Management Consultants were appointed as the cooperative's auditors at the general meeting held on . Included in profit for the year is the agreed auditors' remuneration of K40,000.

The financial statements set out on pages 10 to 30, which have been prepared on the going concern basis, were approved by the Board of Directors on, and were signed on its behalf by:

By Order of the Board

PPA Mampwe Vice Chair

Mr. Ferzio Mampwe
Chairperson

Mr. Simate Simate

Mr. Simate Simate
Treasurer



Independent Auditor's Report

To the Shareholder of Nkwazi Cooperative Savings and Credit Society

Limited Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Nkwazi Cooperative Savings and Credit Society Limited (the company) set out on pages 10 to 30, which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nkwazi Cooperative Savings and Credit Society Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative Act of Zambia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zambia.

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nkwazi Cooperative Savings and Credit Society Limited financial statements for the year ended 31 December 2021", which includes the Directors' Report and the Audit Committee's Report as required by the Co-operative Act of Zambia, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 obtained prior to the date of this auditor's report, 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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Cooperative Act of Zambia, and for such internal control as the Directors 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 Directors are responsible for assessing the cooperative'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 Directors either intend to liquidate the cooperative 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

In accordance with the Cooperative Act of 1998 of the Laws of Zambia as amended, we report that in our opinion, all the required accounting records, other records and registers have been properly kept in accordance with the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tresphored Kabanga.

D&G Management Consultants

D&G Management Consultants
Chartered Accountants
Lusaka, Republic of Zambia

Date: *29/04/2022*

Tresphored Kabanga

Tresphored Kabanga
Partner
Member's Practicing Certificate Number: AUD/000895
Partner Signing on Behalf of the Firm

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Statement of Financial Position as at 31 December 2021

Figures in Zambian Kwacha	Notes	2021	2020
Assets			
Non-Current Assets			
Property, Plant and Equipment	4	2,042,893	2,001,918
Intangible assets	5	-	81,978
Government Securities - Bonds	7	13,876,501	11,327,822
Investment in Financial Assets	8	20,000	20,000
		15,939,394	13,431,718
Current Assets			
Trade and other receivables	9	63,264,357	55,278,566
Government Securities - Bonds	7	7,587,088	1,176,731
Cash and cash equivalents	10	8,328,395	9,038,289
		79,179,840	65,493,586
Total Assets		95,119,234	78,925,304
Equity and Liabilities			
Equity			
Share capital	11	7,253,593	7,219,104
Reserve Fund		4,846,066	455,076
Revenue Reserve		8,506,619	9,162,955
		20,606,278	16,837,135
Liabilities			
Non-Current Liabilities			
Members' Deposits	13	71,286,321	59,411,319
Current Liabilities			
Trade and other payables	14	373,840	299,289
Dividend payable	15	140,000	133,600
Interest Accrued	16	2,712,795	2,243,961
		3,226,635	2,676,850
Total Liabilities		74,512,956	62,088,169
Total Equity and Liabilities		95,119,234	78,925,304

The financial statements and the notes on pages 10 to 30, were approved by the Board of Directors on theand were signed on its behalf by:

PPA Mampwe Vice Chair
Mr. Ferzio Mampwe
 Chairperson

Mr. Simate Simate
Mr. Simate Simate
 Treasurer

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Statement of Profit or Loss and Other Comprehensive Income

Figures in Zambian Kwacha	Notes	2021	2020
Interest Income		7,828,725	7,074,831
Other Income		6,444,002	2,913,022
Operating Expenses		(4,857,110)	(2,642,326)
Operating profit	2	9,415,617	7,345,527
Interest Costs	3	(5,470,414)	(5,361,389)
Profit for the year		3,945,203	1,984,138
Total comprehensive income for the year		3,945,203	1,984,138

Included in the profit of K3,945,203 (2020: K1,984,138) as distributed below:

10% - Reserves	394,520	198,414
20% - Investments	789,041	396,828
70% - Member Equity Growth	2,761,642	1,388,897
Member Dividends	140,000	133,600

Nkwazi Cooperative Savings and Credit Society Limited
(Registration number 365)
Financial Statements for the year ended 31 December 2021

Statement of Changes in Equity

Figures in Zambian Kwacha	Share Capital	Investment Funds	Equity Sharing	Reserve Fund	Total Reserves	Revenue Reserve	Total equity
Balance at 01 January 2020	1,942,719	-	-	6,459,077	6,459,077	8,375,392	16,777,188
Profit for the year	-	-	-	-	-	1,984,138	1,984,138
Total comprehensive income for the year	-	-	-	-	-	1,984,138	1,984,138
Issue of shares	5,276,385	-	-	(5,409,400)	(5,409,400)	-	(133,015)
Transfer between reserves	-	877,921	(1,657,576)	185,054	(594,601)	(1,062,975)	(1,657,576)
Dividends	-	-	-	-	-	(133,600)	(133,600)
Total contributions by and distributions to owners of Cooperative recognised directly in equity	5,276,385	877,921	(1,657,576)	(5,224,346)	(6,004,001)	(1,196,575)	(1,924,191)
Balance at 01 January 2021	7,219,104	877,921	(1,657,576)	1,234,731	455,076	4,561,416	12,235,596
Profit for the year	-	-	-	-	-	3,945,203	3,945,203
Other comprehensive income	-	-	1,657,576	-	1,657,576	-	1,657,576
Total comprehensive income for the year	-	-	1,657,576	-	1,657,576	3,945,203	5,602,779
Transfer between reserves	34,489	-	2,733,414	-	2,733,414	-	2,767,903
Total contributions by and distributions to owners of Cooperative recognised directly in equity	34,489	-	2,733,414	-	2,733,414	-	2,767,903
Balance at 31 December 2021	7,253,593	877,921	2,733,414	1,234,731	4,846,066	8,506,619	20,606,278

11

12

Notes

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Statement of CashFlows

Figures in Zambian Kwacha	Notes	2021	2020
Cash flows from operating activities			
Cash (used in)/generated from operations	17	1,953,588	6,391,238
Interest Costs		(5,470,414)	(5,361,389)
Net cash from operating activities		(3,516,826)	1,029,849
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(301,738)	(445,801)
Sale of other intangible assets	5	151,815	-
Movements in Government Securities	7	(8,959,036)	(11,896,035)
Net cash from investing activities		(9,108,959)	(12,341,836)
Cash flows from financing activities			
Revaluation of Shares	11	34,489	5,276,385
Movement in Members' Deposits		11,875,002	9,160,010
Movements in dividends		6,400	(3,335,345)
Net cash from financing activities		11,915,891	11,101,050
Total cash movement for the year		(709,894)	(210,937)
Cash at the beginning of the year		9,038,289	9,249,226
Total cash at end of the year	10	8,328,395	9,038,289

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

Corporate information

Nkwazi Cooperative Savings and Credit Society Limited is a private Limited Company incorporated and domiciled in Zambia. The principal activity of the cooperative is the provision of loans and savings products to its members.

1. 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 the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and comply with the Co-operative Act of 1998. They have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zambian Kwacha, which is the Cooperative's functional currency.

These accounting policies are consistent with the previous period.

1.2 Income

Income represents interest earned on loans outstanding from members during the year. The interest is recognized when significant risks and rewards have been transferred to members and no significant uncertainties remain regarding the derivation of consideration and the associated costs. Interest is recognized as it is accrued. Interest from financial investments also forms part of income.

1.3 Property, Plant and Equipment

Property, Plant and Equipment are tangible assets which the Cooperative holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Cooperative, and the cost of the item can be measured reliably.

Property, Plant and Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Cooperative and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5%

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

1.3 Property, Plant and Equipment (continued)

Furniture and fixtures	Straight line	33.33%
Motor vehicles	Straight line	25%
Office equipment	Straight line	25%
Computer equipment	Straight line	25%
Computer software	Straight line	25%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Leases

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they have been purchased and capitalised as part of property, plant and equipment. The capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements, the capital element is applied to reduce the outstanding obligations and the interest element is charged to the statement of comprehensive income over the year of the lease so as to produce a constant yearly rate of interest on the remaining balance of the liability under the lease agreement for each accounting year.

Operating leases are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

1.5 Financial instruments

The Cooperative classifies its investments into the following categories: financial assets at fair value through profit or loss, debtors and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Financial Assets at Fair Value Through Income

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Leases

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they have been purchased and capitalised as part of property, plant and equipment. The capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements, the capital element is applied to reduce the outstanding obligations and the interest element is charged to the statement of comprehensive income over the year of the lease so as to produce a constant yearly rate of interest on the remaining balance of the liability under the lease agreement for each accounting year.

Operating leases are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

1.5 Financial instruments

The Cooperative classifies its investments into the following categories: financial assets at fair value through profit or loss, debtors and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Financial Assets at Fair Value Through Income

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

(a) held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

1.5 Financial instruments (continued)

in the income statement when the Cooperative's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Cooperative establishes fair value by using valuation techniques.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Cooperative has also transferred substantially all risks and rewards of ownership.

1.6 Financial Liabilities

The Cooperative initially recognizes financial liabilities on the trade date at which the Cooperative becomes a party to the contractual provisions of the instrument. The Cooperative derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Cooperative has a legal right to offset the amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Non-derivative financial liabilities include loans and borrowings, creditors and payables and agents and customer deposits.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

1.5 Impairment of assets

Financial Assets Carried at Amortised Cost

The Cooperative assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Cooperative about the following events: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in payments;

- (a) it becoming probable that the issuer or debtor will enter bankruptcy or other financial arrangements; or
- (b) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Cooperative, including adverse changes in the payment status of issuers or debtors in the Cooperative or national or local economic conditions that correlate with defaults on the assets in the Cooperative.

The Cooperative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Cooperative determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

1.5 Financial instruments (continued)

in the income statement when the Cooperative's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Cooperative establishes fair value by using valuation techniques.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Cooperative has also transferred substantially all risks and rewards of ownership.

1.6 Financial Liabilities

The Cooperative initially recognizes financial liabilities on the trade date at which the Cooperative becomes a party to the contractual provisions of the instrument. The Cooperative derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Cooperative has a legal right to offset the amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Non-derivative financial liabilities include loans and borrowings, creditors and payables and agents and customer deposits.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

1.5 Impairment of assets

Financial Assets Carried at Amortised Cost

The Cooperative assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Cooperative about the following events: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in payments;

- (a) it becoming probable that the issuer or debtor will enter bankruptcy or other financial arrangements; or
- (b) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Cooperative, including adverse changes in the payment status of issuers or debtors in the Cooperative or national or local economic conditions that correlate with defaults on the assets in the Cooperative.

The Cooperative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Cooperative determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

1.5 Financial instruments (continued)

in the income statement when the Cooperative's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Cooperative establishes fair value by using valuation techniques.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Cooperative has also transferred substantially all risks and rewards of ownership.

1.6 Financial Liabilities

The Cooperative initially recognizes financial liabilities on the trade date at which the Cooperative becomes a party to the contractual provisions of the instrument. The Cooperative derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Cooperative has a legal right to offset the amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Non-derivative financial liabilities include loans and borrowings, creditors and payables and agents and customer deposits.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

1.5 Impairment of assets

Financial Assets Carried at Amortised Cost

The Cooperative assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Cooperative about the following events: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in payments;

- (a) it becoming probable that the issuer or debtor will enter bankruptcy or other financial arrangements; or
- (b) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Cooperative, including adverse changes in the payment status of issuers or debtors in the Cooperative or national or local economic conditions that correlate with defaults on the assets in the Cooperative.

The Cooperative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Cooperative determines that no objective evidence of impairment exists for an

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Accounting Policies

1.7 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Zambian Kwacha, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Cooperative receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Zambian Kwacha by applying to the foreign currency amount the exchange rate between the Zambian Kwacha and the foreign currency at the date of the cash flow.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Zambian Kwacha	2021	2020
---------------------------	------	------

2. Income

Income for the year is stated after charging the following:

Board expenses	59,250	90,500
Depreciation	190,926	168,468
Audit fees	40,000	35,000
	290,176	293,968

And after crediting:

Income from Financial Investments	5,659,952	1,698,891
-----------------------------------	-----------	-----------

3. Interest Costs

Net foreign exchange losses on foreign currency borrowings	318,497	-
Interest expense accrued	-	2,243,961
Interest paid on savings	5,151,917	3,117,428
Total finance costs	5,470,414	5,361,389

The interest expense accrued was previously regarded as dividend declared and payable hence understanding the expenses.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

4. Property, Plant and Equipment

Reconciliation of property, plant and equipment

	Buildings	Furniture and fixtures	Motor vehicles	Office equipment	Total
Cost					
At 01 January 2020	1,441,145	127,815	59,786	491,091	2,119,837
Additions	171,583	28,890	-	245,328	445,801
At 31 December 2020	1,612,728	156,705	59,786	736,419	2,565,638
Additions	15,776	-	-	285,962	301,738
At 31 December 2021	1,628,504	156,705	59,786	1,022,381	2,867,376
Depreciation and impairment					
At 01 January 2020	(3,769)	(104,469)	(32,384)	(259,516)	(400,138)
Depreciation	(19,437)	(19,309)	(15,022)	(109,814)	(163,582)
At 31 December 2020	(23,206)	(123,778)	(47,406)	(369,330)	(563,720)
Depreciation	(69,945)	(24,593)	(12,380)	(153,845)	(260,763)
At 31 December 2021	(93,151)	(148,371)	(59,786)	(523,175)	(824,483)
Carrying amount					
Cost	1,612,728	156,705	59,786	736,419	2,565,638
Accumulated depreciation and impairment	(23,206)	(123,778)	(47,406)	(369,330)	(563,720)
At 31 December 2020	1,589,522	32,927	12,380	367,089	2,001,918
Cost	1,628,504	156,705	59,786	1,022,381	2,867,376
Accumulated depreciation and impairment	(93,151)	(148,371)	(59,786)	(523,175)	(824,483)
At 31 December 2021	1,535,353	8,334	-	499,206	2,042,893

5. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	-	-	-	151,815	(69,837)	81,978

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Zambian Kwacha	2021	2020
4. Intangible assets (continued)		
Reconciliation of intangible assets		
Cost	Computer software	Total
At 01 January 2020	151,815	151,815
At 31 December 2020	151,815	151,815
Disposals and retirements	(151,815)	(151,815)
At 31 December 2021	-	-
Depreciation and impairment		
At 01 January 2020	(69,837)	(69,837)
At 31 December 2020	(69,837)	(69,837)
Amortisation	69,837	69,837
At 31 December 2021	-	-
Carrying amount		
Cost	151,815	151,815
Accumulated amortisation and impairment	(69,837)	(69,837)
At 31 December 2020	81,978	81,978
5. Capital Commitments		
There were no capital commitments approved by the Board of Directors as at 31 December 2021 and 2020 respectively.		
6. Government Securities - Bonds		
Government Bonds	13,876,501	11,327,822
Treasury Bills	7,587,088	1,176,731
Total Investment	21,463,589	12,504,553
Non-current assets	13,876,501	11,327,822
Current assets	7,587,088	1,176,731
	21,463,589	12,504,553
7. Investment in Financial Assets		
Shares in public listed stocks - ZAMEFA	20,000	20,000

There were no movements in financial instruments during the year under review.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Zambian Kwacha	2021	2020
---------------------------	------	------

4. Trade and other receivables

Financial instruments:

Trade receivables	59,792,259	55,484,942
Provision for bad debts	-	(206,618)
Trade receivables at amortised cost	59,792,259	55,278,324
Prepayments	173,855	-
Interest Receivable from Investments	3,283,912	-
Other receivable	14,331	242
Total trade and other receivables	63,264,357	55,278,566

Loans to members are repayable in periods ranging from 6 to 24 months at an interest rate of 15% per annum.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3,940,200	5,545,083
Short-term deposits - Banc ABC	865,195	1,467,543
Short-term fixed deposit - FNB	3,523,000	2,025,663
	8,328,395	9,038,289

Short term fixed deposits are held for 365 days.

11. Share capital

Describe any changes in authorised share capital e.g. Conversion to net present value shares.

Issued

Ordinary	7,253,593	7,219,104
----------	-----------	-----------

Issued & fully paid

At beginning of the year	7,219,104	1,942,719
Received during the year	-	(133,015)
Net Share Issued	34,489	5,409,400
	7,253,593	7,219,104

12. Reserve funds

At beginning of the year	1,234,731	6,459,077
Transfer from revenue reserves	-	185,054
Revaluation of shares	-	(5,409,400)
	1,234,731	1,234,731

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Zambian Kwacha	2021	2020
13. Members' Deposits		
At beginning of the year	59,411,319	50,251,309
Deposits made during the year	11,875,002	9,160,010
	71,286,321	59,411,319
14. Trade and other payables		
Financial instruments:		
Audit Fees	40,000	35,000
Personal Levy	-	800
Provision for Gratuity	264,064	91,620
National Health Insurance (NHIMA)	5,782	4,953
Net Pay Payable	-	48,994
Provision for Leave Days	-	58,085
National Pension Scheme Authority (NAPSA)	-	14,006
Pay As You Earn (PAYE)	63,994	45,831
	373,840	299,289
15. Dividend payable		
At beginning of the year	133,600	3,335,346
Dividends declared during the year	140,000	133,600
Paid during the year	(133,600)	(3,335,346)
	140,000	133,600
Dividends represent appropriations from revenue reserves for distribution to shareholders based on their shareholding in the Cooperative. Dividends may not be issued when revenue reserves are in negative or when there is negative equity.		
16. Interest accrued		
Interest on Savings Payable	2,712,795	2,243,961
17. Cash generated from operations		
Profit before taxation	3,945,203	1,984,138
Adjustments for:		
Depreciation and amortisation	359,587	168,468
Interest Costs	5,470,414	5,361,389
Purchase of Fixed Deposit	(323,000)	(2,000,000)
Adjustment	(56,212)	(4,115,344)
Changes in working capital:		
Trade and other receivables	(7,985,789)	2,732,851
Trade and other payables	74,551	15,775
Interest Accrued	468,834	2,243,961
	1,953,588	6,391,238

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

18. Risk management

The directors have overall responsibility for the establishment and oversight of the Cooperative's risk management framework. They are also responsible for developing, managing and monitoring the Cooperative's risk management policies in their specific areas.

The Cooperative's risk management policies are established to identify and analyse the risks faced by the Cooperative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Cooperative through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which employees understand their roles and obligations.

Exposure to interest rate and credit risk arises in the normal course of the Cooperative's business.

Currency Risk

The Cooperative is not exposed to currency risk as all its transactions are denominated in Zambian Kwacha.

Interest Risk

The Cooperative is exposed to interest risk as a result of bank balances exposure and the use of a fixed interest rate on loan products.

Credit Risk

Management has a Loan and credit policy in place and exposure to credit risk is managed and monitored on an on-going basis.

Debtors and other receivables are recognised at fair value, less provision for impairment. A provision for impairment of debtors and other receivables is established when there is objective evidence that the Cooperative will not be able to collect all amounts due according to their original terms.

The directors believe the credit risk of debtors is low. The credit risk is managed by the selective granting of loans to members who save with the Cooperative.

Fair Value Risk

The Cooperative assesses at each balance date, the fair value of its financial assets so that where necessary, impairment of the value of assets is undertaken to bring the value of the asset to its acceptable value. Any losses incurred are recognised in the profit and loss in the year in which they arise.

Liquidity Risk

This is the risk that the Cooperative will not be able to meet its financial obligations as they fall due. The Cooperative's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity (cash or overdraft facility resources) to meet its financial obligations (liabilities) and operating expenses as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Cooperative's reputation.

Market Risk

This is the risk that changes in the market conditions, including changes in, selling prices, interest rates and foreign exchange rates will impact the Cooperative's revenues or the value of its holdings of financial instruments. The objective of market risk is to manage and control the market risk exposure within acceptable parameters, while optimising the return on risk.

The Cooperative's main market risk is fluctuations in share prices, bond prices, interest rates and inflation.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in Zambian Kwacha	2021	2020
---------------------------	------	------

18. Risk management

(continued) Cashflow Risk

The Cooperative is not exposed to the risk that future cash flows associated with monetary financial instruments will fluctuate in amount.

19. Financial instruments

Exposure to currency, interest rate, credit and liquidity risk arises in the normal course of the Cooperative's business.

Credit risk

Credit risk is the risk of financial loss to the Cooperative if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Cooperative's receivables and cash balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note		
Trade & other receivables	8	63,122,607	55,278,566
Cash & Cash Equivalents	9	8,507,360	9,038,289

The bank accounts and short term investments are held with reputable banks.

Impairment losses

The aging of trade receivables (loans) at the reporting date was:

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

19. Financial instruments (continued)

	2021 Gross	2021	2020 Gross	2020
		Impairment		Impairment
Neither overdue nor impaired 1 - 30 days	410,840	-	332,498	-
Past due 31 - 60 days	4,487,917	-	1,373,115	-
Past due 61 - 90 days	343,787	-	306,062	-
Past due over 90 days	54,065,256	-	53,473,267	(206,618)
	59,307,800	-	55,484,942	(206,618)

Liquidity risk

The following are the contractual maturities of financial Liabilities:

Financial Liabilities	Carrying amount	Contractual cash flow	Within 1 year	2 - 5 years	More than 5 years
Members' deposits	71,286,321	71,286,321	8,555,811	17,111,621	45,618,889
Trade payables	364,993	364,993	364,993	-	-
	71,651,314	71,651,314	8,920,804	17,111,621	45,618,889

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Cooperative's exposure to the risk of changes in foreign exchange rates relates primarily to the Cooperative's operating activities (when revenue or expense is denominated in a foreign currency).

Currently the foreign currency risk exposure is minimal with low risk to the Cooperative.

18. Related parties

Relationships

Ultimate Controlling Parties

The Cooperative's is owned by local employees of the United States Governments Embassy, its agencies and projects based in Zambia.

Transaction with Directors and Senior Management

(i) Loan to Directors

Loans were given to directors and qualifying employees on the same terms and conditions as other members of the Cooperative.

(ii) Key Management Personnel Compensation

There were no compensations or remunerations paid to the executive directors and executive officials during the year under review.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

18. Capital management

The primary objective of the Cooperative's capital management is to ensure that it maintains strong credit record and healthy capital ratios in order to support its business and maximise the Cooperative's value.

The Cooperative manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The company had no borrowings as at year end.

No changes were made in the objectives, policies or processes during the year under review

19. Contingent liabilities

In the opinion of the directors there were no known contingent liabilities as at 31 December 2021 and 2020 that might change the status of the financial statements, or require disclosure separately.

20. Effects of Covid-19

The outbreak of COVID-19 which was declared a pandemic by the World Health Organization on 11 March 2020, has severely impacted many local economies around the world. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of nonessential services have triggered significant disruptions to businesses worldwide resulting in an economic slowdown.

The cooperative has determined that these events are non-adjusting events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of the cooperative for future periods.

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Detailed Income Statement

Figures in Zambian Kwacha	Notes	2021	2020
Interest Income			
Provident Loan		7,335,076	6,490,285
Emergency Loan		41,262	41,534
Commodity Loan		246,890	252,640
Educational Loan		141,733	141,388
Energy Relief Loan		63,764	148,984
		7,828,725	7,074,831
Other operating income			
Interest on financial investments		5,659,952	1,698,891
Interest on bank accounts		-	885
Loan administration fees		197,700	240,400
Refinancing fees		573,950	596,200
Other income		-	254,202
Income smart device		-	100,601
Fixed asset disposal		-	4,243
Membership fees		8,400	13,600
Change in fair value		4,000	4,000
		6,444,002	2,913,022
Expenses (Refer to page 32)		(4,857,110)	(2,642,326)
Operating profit	2	9,415,617	7,345,527
Interest Costs	3	(5,470,414)	(5,361,389)
Profit for the year		3,945,203	1,984,138

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2021

Detailed Income Statement

Figures in Zambian Kwacha	Note(s)	2021	2020
Other operating expenses			
Audit fees	2	40,000	35,000
Bad debts		1,781,744	133,836
Bank charges		43,086	43,057
Motor vehicle/genset fuel cost		13,760	17,675
Other professional fees		7,033	-
Insurance		2,209	4,464
Office expenses		41,153	150,023
Depreciation		359,587	168,468
Salaries & wages		2,017,578	1,661,303
Repairs & maintenance		64,434	10,960
Security		91,642	88,749
Licences		12,340	3,550
Electricity & water		16,322	14,044
Telephone		14,976	13,485
Motor vehicle expenses		2,318	10,873
Consultancy fees		26,700	53,838
Postal box rent		6,500	6,500
Board expenses		59,250	90,500
Annual general & committee meetings		74,832	81,128
Internet & communication expenses		61,005	54,873
Other		100,710	-
Other directors' fees		18,000	-
Travel - local		1,931	-
		4,857,110	2,642,326



USAID
FROM THE AMERICAN PEOPLE



fhi360
THE SCIENCE OF IMPROVING LIVES



The Nature Conservancy 

