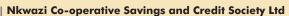


Nkwazi Co-operative Savings and Credit Society Ltd



ANNUAL REPORT 2022





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Nkwazi Cooperative Savings & Credit Society

NOTICE OF THE 25th ANNUAL GENERAL MEETING.

Notice is hereby given for the 25th Annual General Meeting (AGM) of Nkwazi Cooperative Savings and Credit Society Limited to be held on Saturday **25th March**, **2023** at Radisson Blu Hotel Lusaka 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 2022.
- 7. Adoption of the Reports.
- 8. Appointment of Auditors for the year to 31st December 2023.
- 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. Election of Chairperson, Vice Chairperson, Secretary and Treasurer.
- 11. Any other business.

By order of the Board,

C.Mudeto

Board Secretary

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.

4thPrinciple: 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.

6thPrinciple: 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.

3

STANDING ORDERS

The board of directors in accordance with section 20 of the by-laws hereby provides the "Standing Orders" for the 25th 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



Eda M Lifuka - Board Chairperson

A Chartered Management Accountant by profession with over 18 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 currently serving as board Chairperson.



Getrude Mwenya - Board Vice Chairperson

Gertrude Mwenya has over 19 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 as Vice chairperson and a member of education committee.



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 working for CIRDZ and serve on Nkwazi board as treasurer.



Chibuna Muteto - Board Secretary

Over 16 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, Board Member – Living Hope Church. Currently works for USAID and serve on Nkwazi board as secretary.



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 USG and serve on Nkwazi board as head of credit committe



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 and serve on Nkwazi board as credit committee member.



Doreen Zulu Mwansa -Board Member

Doreen is a qualified Certified Chartered Accountant by profession (ACCA), a holder of Bachelor of Accountancy from the Copperbelt University and an MBA from London School of business post qualification. She is also a member of the Zambia institute of Chartered Accountants (ZICA).

Doreen is currently working as country Director at Meharry Medical College Global Health and HIV Clinical Services and serve on Nkwazi board as Credit Committee member.



Joshua Kashitala – Board Member

Joshua Kashitala is an advisor at USAID Discover Health project's Biomedical HIV prevention services, accountable for work plans, budget management and patient safety monitoring. During his career he has built a reputation for operational excellence, innovative strategic thinking, working with high level of integrity, deep and passionate commitment to project clients and sponsors. Joshua holds a development studies degree and a post graduate degree in Public Health and serve on Nkwazi board and is part of Education Committee.



Dr Mphatso Mudenda – Board member

Mphatso Mudenda is a Health Informatics Expert working for Centers for Disease Control and Prevention (CDC) Zambia since 2015. She holds a PhD in Information Systems from University of Cape Town; a Master of Science Degree in Business Information Systems from the University of East London; and a Bachelor of Science degree in Computer Science and Demography from the University of Malawi. In addition, she is a certified project manager professional (PMP), she currently serve on Nkwazi board and is part of Education Committee.

MEMBERS OF STAFF



Timothy Ngoma ACCA, AZICA, Cert IASBC,
MANAGER
Joined the team in 2020

Sincere gratitude to the Board of Directors and the Cooperative general membership for according my team and myself an opportunity to drive Nkwazi Coop forward and maximise its full potential. A huge thank you to the Coop members for their consistent business support without which we cannot boast about our achievements.

2022 was another good year for us, despite operating in a volatile economic environment emanating from government policy shifts as a result of change in the country's administration. The Cooperative managed to deliver a 17.2% revenue growth exceeding our target by 4%, and a 32% profit margin 1% shy of targeted profit margin of 33%, our assets under management grew by 18.8%, we also recorded a 100% staff retention, furthermore we expanded our Information Communication Technology space through the introduction of Nkwazi Web portal, this portal aims at enabling members to process transactions from the comfort of their homes. We believe the Cooperative business model is strategically positioned in various spheres and has capacity to expand further as we look at opportunities for membership growth and asset utilisation.

Going into 2023 we anticipate a high demand for loans due to rising levels of inflation and the upward revision of monetary policy rate by the central bank to curb inflation pressure, this in turn will result to increase in loans weight and a reduction in financial instruments weight therefore impacting return from financial instruments while increasing return from loans. However, it is worth noting that the return from loans is capped at 15% hence will contribute to deceleration of total revenue growth. Considering this, revenue growth is projected to increase at 12% and a profit margin of 29%. Our team remain abreast to these challenges and our resilient efforts will be directed at mitigating some of the adverse impacts anticipated to ensure we attain positive performance.

As we forge ahead, I wish to thank my team for their dedication and commitment in supporting the cooperative strategies, the cooperative has continued posting tremendous performance year on year because of your relentless collective efforts, to the board many appreciations for the adequate provision of resources and to the general members we are at your service.



David MwambaSENIOR 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



GENERAL SERVICE ASSISTANT
Joined the Nkwazi team in 2008



CHAIRPERSONS' REPORT

Eda M Lifuka

INTRODUCTION

Good Morning everyone, let me start by recognizing the representative from the Ministry of Small and Medium Enterprises; The Registrar of Cooperatives an all-weather friend to Nkwazi Cooperative, Mr. Justin Mwansa, invited guests from our Bankers First National Bank and Stanbic Bank, Our Evergreen Auditors, The National Association of Savings and Credit Union (NASCU), Care Cooperative, UNZALARU Cooperative, distinguished members of the Cooperative, the Board of Directors for Nkwazi 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 25th Annual General Meeting of Nkwazi Cooperative. This is my first report as Board Chairperson for the Cooperative after religiously serving the Board in various capacities for 5 years. I would like to sincerely welcome you all; both our virtual and in person participants; I look forward to these important deliberations regarding the business of the running our Cooperative.

OPERATING ENVIRONMENT

Global economic activity has been volatile since the resurgence of Covid-19, upon recognizing gains in containing the pandemic through global vaccines rollout. 2022 saw a free-falling global economy owing to Russia's invasion of Ukraine which led to a broad-based and sharper than expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

Locally the new dawn administration made strands towards improving local economy, we saw annual inflation fall sharply to 10.5 percent in the second quarter from 14.1 percent in the first quarter, further recording lowest point of 9.7 percent in October 2022 for the first time since 2019. Inflation closed the year 2022 at 9.90 percent from 16.40 percent recorded in December 2021. A promising IMF bailout package restored market confidence which was translated in the performance of the local unit against the greenback, on average the Kwacha appreciated by 15% trading at ZMW16.89 per dollar compared to an average of ZMW19.94 the previous year.

However, this positive run could not be sustained owing to the effects of a pandemic and Russia's invasion of Ukraine which led to a major stumble of our economy. A change in fuel pump pricing model by the Energy Regulation Board now meant that the war in Russia had a positive correlation on the commodity price, further the importation of farming inputs from Ukraine exacerbated the shocks in the local economy. Zambia as we know is a commodity import nation therefore any global turmoil has negative impact on local general prices of commodities, as we moved towards close of the year, we begun to see the erosion of the positive strands recorded with the kwacha becoming vulnerable and inflation remaining outside the medium target range of 6-8 percent.

COOPERATIVE ACHIEVEMENTS FOR CALENDAR YEAR 2022

Despite a volatile operating environment, the Cooperative continued to record successes in various areas of our business.

To highlight a few, the cooperative has continued to post growth year on year with 2022 Financials showing an increase in revenue by 16% to ZMW16.7 million from ZMW14.2 million recorded in 2021. To this I wish to express my gratitude to the general members for the continued business support and the secretariate management and staff for their tireless effort in ensuring that we continue to drive the Cooperative to greater heights.

I am elated by our consistent payout in dividends and interest on savings to the members as a way of benefit sharing with the shareholders of this great institution, in the year under review the board declared a total payout to members of ZMW6.8 million compared to ZMW5.4 million paid in 2021 representing an increase of 26%. The total payout proportion to revenue is 41% and 58% to total cooperative expenses. Further ZMW3.5 million which is 70% of the residual profit will be passed on to members in form of equity growth, I believe the cooperative is truly improving the lives of its members through these benefits besides the competitive interest rates offered on the loan products. I wish we could increase the pay out further, however this is not economical for any business as it would impact on the operations and impede future growth prospects especially with the much-anticipated Nkwazi Finance launch, more so our guiding by-laws stipulate 30-70 proportion distribution for reserves and dividends respectively.

It is also my pleasure to talk about our new digital space launched late in the year 2022, this has been a development we long awaited and seeing it finally delivered bring much delight. I understand we still have some work on certain features and ensuring that member accounts are updated, however it is a positive step in the right direction which cannot go unnoticed, kudos to the development team, board and secretariate for this success. I also thank the general members for the patience exercised as this has been something we have waited for a long time, now members are able to check their statements online and apply for loans from the comfort of their homes. As we live in a world with technology at its center, I urge members to embrace these changes and bring many ideas of what they would hope to experience with our new enterprise resource planning tool (WESE).

Further I wish to bring to the information of this general membership that the board, management and staff successfully compiled a strategic report for the cooperative spanning over a period of four years 2022 - 2026. To highlight a few items included in the report namely, strategies on membership growth, remaining a preferred cooperative and a leading affordable financial solutions provider, the report also addresses on staff retention, enhancing internal processes and systems, product development, staff training and maintaining a motivated work force dedicated to bringing the cooperative to a center stage. Ultimately our goal is to see a self-sustaining autonomous cooperative where directors' roles are clearly defined and maintained at objective setting.

CHALLENGES FOR CALENDAR YEAR 2022

Slowed membership growth remained among the concerns of the cooperative coupled with member existing due to loss of employment owing to projects ending. Withdraws from member savings were relatively high compared to the previous year mainly attributed to the aforementioned. Low interest rate of 15% charged on loans remain a challenge which we require to be addressed as it caps our major income earning stream, to counteract this challenge, the cooperative has increased its weight in financial instruments investments which have a superior performance compared to the loans. Accommodating members who have moved to organization who do not have memorandum of understanding with the cooperative remain a challenge as lending amounts are limited to the extent of one savings, any amounts beyond the savings require to be collateralized as a mitigation measure. Some members felt this policy is discriminatory, however it is aimed at safeguarding the cooperatives investments.

OUTLOOK FOR THE CALENDAR YEAR 2023

The global economy is poised to slow this year, before rebounding next year. Growth will remain weak by historical standards, as the fight against inflation and Russia's war in Ukraine weigh on activity



Source. IMF Global report.

Despite these headwinds, the outlook is less gloomy than anticipated, and could represent a turning point, with growth bottoming out and inflation declining. Global growth will slow from 3.4 percent in 2022 to 2.9 percent in 2023 then rebound to 3.1 percent in 2024

Economic growth proved surprisingly resilient in the third quarter of last year, with strong labor markets, robust household consumption and business investment, and better-than-expected adaptation to the energy crisis in Europe. Inflation, too, showed improvement, with overall measures now decreasing in most countries—even if core inflation, which excludes more volatile energy and food prices, has yet to peak in many countries.

Locally a weakening local currency is imminent due to supply demand mis-match, the long overdue finalization of Zambia's creditor agreement exacerbate pressure on the local unit performance, fuel pricing model adopted by the current regime will continue posing a threat to many businesses, further pending increase in electricity tariff and the roaming load management by ZESCO has potential threats of impacting business operations. These effects ultimately will erode inflation gains recorded over the past months and push the reading further outside the medium targeted range.

At Nkwazi we look forward to yet another business environment offering an opportunity to serve our members the best way possible, we are looking at bringing more products to suit the members needs and also be available to our members, we anticipate an increase in loans uptake owing to the changes in the macroeconomic environment. I am confident the team is ready to equal the task and deliver positive results going into 2023.

I thank you all once more and wish you future success together with the cooperative.



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 2022. With all protocols observed may I take you through the financial performance of Nkwazi Cooperative.

ECONOMIC COMMENTARY

Global Economy

Global growth is expected to decelerate sharply to 1.7 percent in 2023—the third weakest pace of growth in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the global financial crisis. This is 1.3 percentage points below previous forecasts, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the Russian Federation's invasion of Ukraine. The United States, the euro area, and China are all undergoing a period of pronounced weakness, and the resulting spillovers are exacerbating other headwinds faced by emerging market and developing economies (EMDEs). The combination of slow growth, tightening financial conditions, and heavy indebtedness is likely to weaken investment and trigger corporate defaults. Further negative shocks—such as higher inflation, even tighter policy, financial stress, deeper weakness in major economies, or rising geopolitical tensions—could push the global economy into recession. In the near term, urgent global efforts are needed to mitigate the risks of global recession and debt distress in EMDEs.

Local Economy

Annual Gross Domestic Product (GDP) estimates suggest that the country's economy grew by 4.0% in 2022 compared to a of 3.6% in 2021, underpinned by recovery in the mining, tourism, and manufacturing sectors. The recovery in international demand and copper prices are positive developments, while a reduction in COVID–19 cases will boost activity both in manufacturing and tourism.

The local currency experienced stability in terms of exchange rate against the US dollar in the first half of 2022 and appreciated by over 10.0 percent compared to the same period in 2021 when the local currency had depreciated by the rate of 5 percent. The appreciation was mainly on account of continued interventions by Bank of Zambia to supply foreign exchange in the market and the positive market sentiments regarding national debt restructuring. However, in the last quarter of 2022, the kwacha weakened sharply, closing at ZMW18.08 compared to ZMW16.67 in the last quarter of 2021.

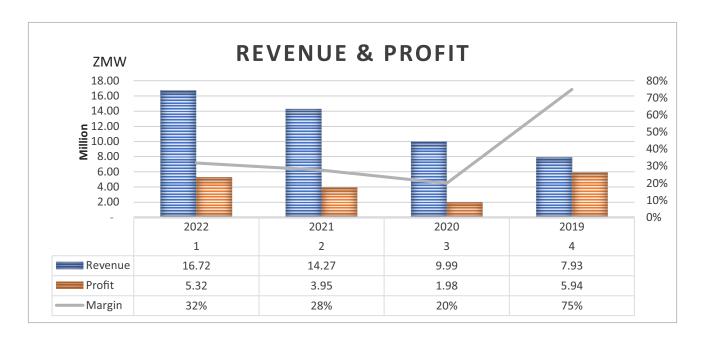
Inflation continued to decline in the fourth quarter of 2022 at a slower pace. Average overall inflation fell to 9.8 percent from 9.9 percent in the third quarter. The decline arose from non-food inflation, which reduced to 6.8 percent from 7.9 percent, largely due to lagged pass through from appreciation of the Kwacha.

CREDIT CONDITIONS

Credit conditions for households, small and medium enterprises (SMEs) as well as large corporations remained loose in the third quarter. This was underpinned by improvements in market liquidity conditions. Most banks expect credit conditions to remain loose in the fourth quarter on account of sustained high levels of liquidity. High demand for household loans, working capital and long-term financing was sustained. The need to meet personal obligations, general pick-up in economic activity following the approval of an IMF ECF in August and appreciation of the Kwacha against the US dollar contributed to increased demand. Rising operating costs following the increase in fuel prices supported the rise in demand for working capital by SMEs and large corporations. The introduction of new loan products on the market for households, SMEs and large corporates also contributed to the increase in the demand for credit. Interest rates were reported to have been high as the Monetary Policy Rate was maintained at 9.0 percent. Most commercial banks expect the Policy Rate to be maintained at 9.0 percent, with a possible downward revision to support economic growth. However, possible inflationary pressures are envisaged from the geopolitical tensions in Ukraine-Russia that may affect fuel and food prices.

NKWAZI PERFORMANCE REPORT

Chart 1:



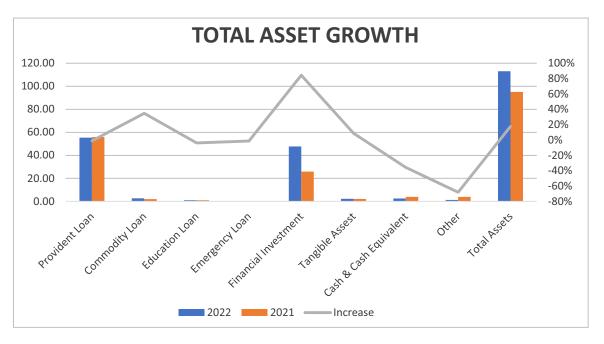
Nkwazi Cooperative recorded an increase in revenue of ZMW16.72 million compared to ZMW14.27 million recorded in 2021 representing a 17.2% growth, this increase was mainly attributed to the diversified investment portfolio that included Government Securities as well as Fixed term deposits. The bottom-line profit proportionally grew by 35 percent to ZMW5.32 million from ZMW3.95 million recorded in 2021. This is on account of accelerated yield obtained from financial instruments offering an average annual yield of 17 percent and prudent management of overall expenses.

Chart 2:



Total annual interest on savings of 8.75% was declared, this translated to ZMW6.87 million, from this 4.25% was paid in July, 2022 and the remainder 4.50% payable in January, 2023. Overall, the cooperative recorded an increase in interest on savings payment of 33.4% as a result of increased savings portfolio holding and declared saving interest rate .

Chart 3:

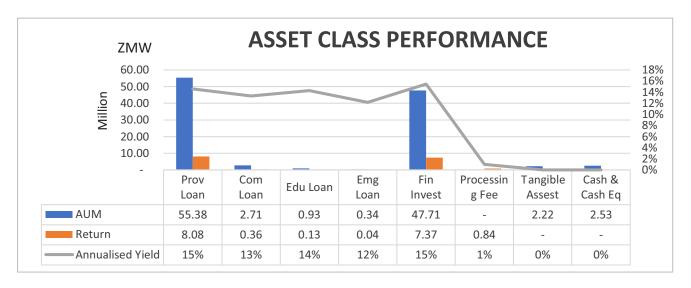


As shown in the Chart above the Cooperative's total assets grew by 18.87 percent compared to the prior year growth of 20 percent. The continued growth on year is attributed to the increase in the revenue and members contributions.

Our Assets show that Commodity Loans grew by 35 percent, Financial Investment 84 percent, Tangible assets 19 percent, while noticeable declines in Provident Loans of -1 percent, Emergency Loans by -1 percent, Education Loans -4 percent, Cash and Cash by -36 percent and other assets -68 percent.

Our liabilities grew in proportion to the increase in assets. During the year 2022 members savings increased by 15 percent compared to 20 percent in the prior year and members equity grew by 93 percent compared to 74 percent in the prior year.

Chart 4:



The total income of the Cooperative comprises of two main streams that is:

- 1) Loans These include Provident loans, commodity loans, education loans and Emergency loans and Loan processing fees.
- 2) Financial Investments These include Government Bonds, Treasury Bills, Term deposits and Collective investments Schemes.

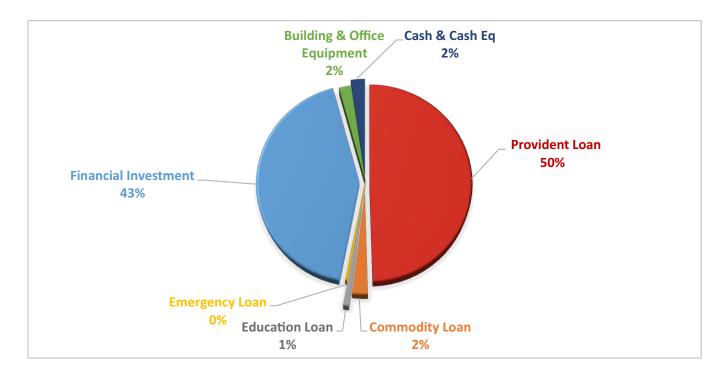
While the Loans on average posted an annualized return of 14 percent from the asset weight of ZMW 59.36 holding a larger percentage of the total assets, on the other hand, the Cooperative realized significant income from financial investments of 15 percent despite holding a lesser weight of ZMW47.7.

This analysis shows that financial instruments investments continue to outperform the loans.

Chart 5: Assets Weighting

The chart below shows the analysis of assets under management (AUM) of ZMW113, 066, 287 as at 31st December, 2022.

Chart 5: Assets Weighting



The reduction in provident loan weighting to 50 percent in 2022 from 56 percent in 2021 has contributed to a rise in financial weight to 43 percent in 2022 from 31 percent in 2021. The reduction in loan weight was as a result of reduced uptake in loans caused by member account closures and withdraws from savings.

Outlook 2023

Inflation is projected to increase and remain above 6-8 target range. This is in sharp contrast to earlier projections in November, 2022 that showed that inflation would return to the target range in 2024. Inflation is now projected to average 11.1 percent in 2023 compared to the November, 2022 forecast of 8.5 percent. The factors underlying the forecast include the recent raid depreciation of the Kwacha against the US dollar, the anticipated increase in electricity tariffs to cost reflective levels, and the possible reduction in maize production due to the following;

- Adverse weather conditions
- Crop infestation by the fall army worm

The continued tightening in global financial conditions and the negative sentiments coming from the protracted debt restructuring negotiations (and more uncertainty over the treatment non-residents holders of government securities (NRHOGS) working through the exchange rate channels, are projected to add the elevated inflationary pressures. As a matter of fact, some effects of the uncertainty surrounding the issue of NHHOGS are already being felt on the local currency. The foregoing factors remain the potential upside risk to the inflation outlook. Source; Bank of Zambia

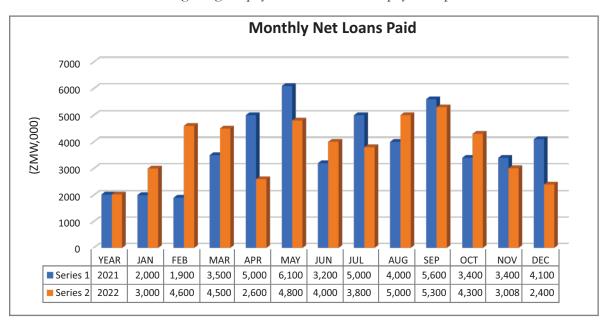
CREDIT COMMITTEE REPORT

This report is based on the activities for the year undertaken by the Cooperative Credit department. The credit Committee is an extension of Secretariate Credit process, the committee comprises of three board members and is responsible for ensuring that loans and withdraws are processed, approved, disbursed and recovered on a timely manner. For the period 2022 the Committee was led by Mr Takudzwa Mwila with two other Directors; Ms Kashiya M Chabala and Ms Doreen Zulu.

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 in periods of economic challenges. With the relaxation of COVID restrictions, the committee has seen the number of members coming through secretariat to access loans steadily increasing as some members prefer to be attended to physically.

NET PAYMENTS OF LOANS AND WITHDRAWS

The net loans in 2022 increased by 4% to ZMW47.8 million from approximately ZMW44.2 million recorded in 2021 resulting to a slight increase in the total loan book. The provident loan continues to outperform other loan products due to its nature of having a higher payable amount and repayment period.



It is worth noting that 2022 experienced a significant increase in funds withdrawals which increased to ZMW3,200,000.00 from ZMW2,200,000.00 recorded in 2021. This could be attributed to member's savings increase thereby according members access to high withdraw amounts. Furthermore, account closures increased to ZMW1,400,000.00 from ZMW1,100,000.00 recorded in 2021, mainly attributed to members redundancies as most projects came to an end.

During 2022, Nkwazi issued a total of ZMW106,000,000.00 worth of loans compared to ZMW102,000,000.00 in 2021 representing representing a 4% rise in loans processed (a rise from 3% recorded in 2021) with a total of 1,065 loans processed in 2022 versus 931 loans processed in 2021 as shown below.

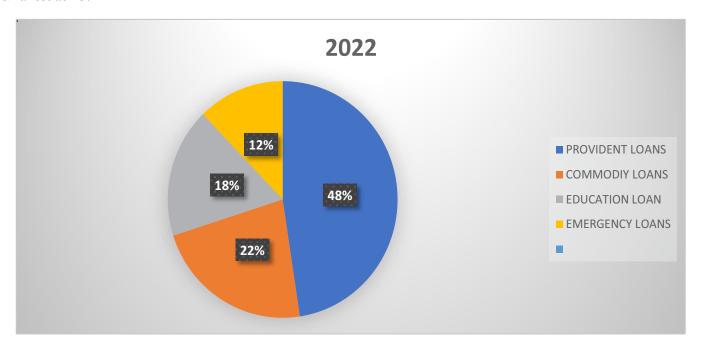
TOTAL LOANS PAID BY CATEGORY



This graph shows the total number of each loan product issued for the year 2022 against 2021. There was a steady increase in quantity from all the four products with the provident loan leading in numbers.

Based on this analysis, 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. The emergency loan mostly being preferred by new cooperative members.

The graph above shows distributed weight of the four loans as at the end of the year 2022. It should be observed in summary that the provident loan pulls most weight of the loan funds at 48% whilst the Emergency loan stands smallest at 18%.



OUTSTANDING LOANS AND DEFAULTERS

As at January 2022, the non-performing loans opened at ZMW492,409.85 of which ZMW337,969.80 was recovered during the year, bringing the non-performing loans balance down to ZMW154,440.05 as at December 2022 representing a 68.6% decline. The active engagements with the defaulters yielded positive results recording huge recoveries as reported. The Board and Secretariate continue to put in place proactive measures to mitigate loan exposures which includes accurate assessment of collateral by professional companies and caveating at the Ministry of lands. The use of movable properties as collateral remains an option to be explored, however will be done in liaison with RTSA to avoid ownership transfer by purported defaulters. The use of Credit Reference Bureau (CRB) for borrower's risk profiling and assessment remains on deck as guided by our loan policy.

CONCLUSION

The Board is pleased to state that going into 2023, despite the current volatile economic condition being experienced in regard to rising cost of living and unstable fuel prices, Nkwazi will continue to rise to the occasion of serving members financial needs. Further the Credit committee is delighted with the new innovation of two loans products Nkwazi loan and Energy loan intended to curb the so often electricity challenges exacerbated by power outage.

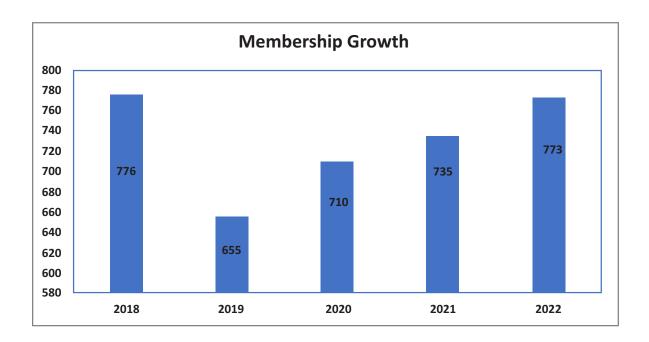
We continue to encourage all our members to continue to save more, invest in profitable ventures and borrow wisely for their socio – economic development. The Credit committee will continue to monitor the debt profile and strengthen the cooperative's ability to manage risk.

EDUCATION COMMITTEE REPORT

The Education committee is comprised of three board members. In the year under review the office bearers were Vice Chairperson Gertrude Mwenya, Dr Mphatso Mudenda and Mr Joshua Kashitala. The committee is responsible for publicity, education and training programs including recruitment of new member agencies.

Membership statistics

The Cooperative recorded a slight increase in membership closing the year with 773 members up by 5% compared to the previous year of 735 members. The membership number could have been higher but for account closures experienced during the year.



ACTIVITIES PLANNED AND ACHIEVEMENTS

ITEM	ACTIVITY	RESULTS
Newsletters	The Committee circulated two newsletters of which one included a success story. Bulletins were equally sent out and the committee continues to put efforts in these being sent outregularly.	success story which was published in the newsletter and a video posted on our
Website updates	The website has been upgraded withmembers now able to chat with Secretariat on an active chat.	We continue ugrading the website
Survey	Surveys were carried out to get opinions on member suggestions. Need to mention here that members are encouraged to participate in these as they are key in perfecting our service and delivery.	feedback was given which is being considered for Cooperative growth and
Trainings	Directors and members of staff attended in the year a training facilitated by SACCO apex body National Savings and Credit Union (NASCU)	engaged in progressive interaction with
Nkwazi 2022 - 2026 StrategicPlan	Worked with the board and staff to ensure that a strategic report is revised and finalized for the cooperative.	-

MEMBER RECRUITMENTS

During the year the committee came up with a program aimed at conducting presentations to all agencies dubbed as 'Refresher Presentation'. The committee managed to run these with JICA, American International School, JSI/USAID Discover - Health and CDC. These trainings are key in reminding and educating members on the values and principles that hold Nkwazi Cooperative.

With five presentations done to onboard new agencies, the cooperative managed to sign memorandum of understanding with three new agencies being, Internews, UTHHAP and European Union Zambia Staff Delegation.

CONCLUSION

The Education committee is pleased with the steady growth in membership over the years and continues to work on means of maximizing members in the already existing agencies. The committee will also focus on new agencie recruitments.

The newsletter success stories feature remains an ongoing activity, the committee hopes to see more members coming forth to share their part of success achieved as a result of their affiliation with Nkwazi and in turn encourage other members.

In closing the committee has rolled out a corporate social responsibility programme for the year 2023, this will involve making donations to less privileged persons. To this effect, Cooperative members are encouraged to bring various donation materials to secretariate which will then be distributed to different orphanages at the end of every quarter.

MINUTES OF THE 24TH ANNUAL GENERAL MEETING

Location: Mulungushi International Conference and Virtual

Type of meeting: 24th Annual General Meeting

Date: 7th May 2022

Directors Present:

1.	Mr. Ferzio Cosby Mampwe	Chairperson
2.	Ms. Getrude Mwenya	Vice Chairperson
3.	Mr. Simate Simate	Treasurer
4.	Mr. Kamiji Mulyata	Secretary
5.	Ms. Eda Lifuka	Board Member
6.	Mr. Chibuna Muteto	Board Member
7.	Mr. Takudzwa Mwila	Board Member
8.	Ms. Kashiya M Chabala	Board Member

Absentees

1. Mr. Danny Sikazwe Board Member

Secretariat Present

1.	Mr. Timothy Ngoma	Manager
2.	Mr. David Mwamba	Senior Accountant
3.	Ms. Audrey N Bwalya	Accountant
4.	Ms. Malilwe M Mulendema	Senior Credit Officer
5.	Ms. Caroline Mwila	Credit Officer
6.	Ms. Jane M Malama	Customer Experience Advisor
7.	Mr. Enock Mwata	General Service Assistant

Invited Guests

Justin R Mwansa

1.	Justin It ivi wansa	registrar of Go operatives societies
2.	Kennedy Mbuzi	Officer – Department of Co-operatives
3.	Ngosa Mubanaga	NASCU
4.	Prunela Kapinga	Care corporative
5.	Sody Munsaka	UNZALARU Cooperative
6.	Tanaka Tapfumaneyi	Corpserve Zambia
7.	Prisca Chizi	Corpserve Zambia
8.	James Ndhlovu	Corpserve Zambia
9.	Lesley Davies Muzamba	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.

Registrar of Co-operatives 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 Report and Audited Financial Statements for the year ended 31st December 2022.
- 7. Adoption of the Reports.
- 8. Appointment of Auditors for the year ending 31st December 2023.
- 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 Secretary Ms Kamiji Mulyata upon tendering her apology for the late commencement of the meeting officially called the meeting to a start at 09:15hrs, the secretary welcomed everyone present acknowledging the presence of the registrar of Cooperatives Mr Justin Mwansa, Nkwazi Cooperative Chair Person Mr Ferzio Mampwe, the Cooperative bankers Stanbic and FNB representatives as well as representatives from apex body NASCU, and representatives from Care Cooperative and UNZARALU Cooperative. She further invited the Board Chairperson to offer his welcoming remarks.

The Chairperson, Mr. Ferzio Mampwe in his welcoming remarks thanked everyone attending the physical meeting for the first time since Covid-19, he however expressed disappointment in the member turnout as he anticipated most members to be present considering the long period of suspended physical gathering. He however welcomed everyone and encouraged the meeting participants to be more energetic. The recording secretary was Mr. Timothy Ngoma.

2. Reading adoption of the proposed Agenda

Upon leading the deliberation, Board Secretary Ms. Kamiji Mulyata proposed the meeting Agenda for adoption, this was seconded by Ms Annie Nyirenda.

3. Remarks by the Registrar of Co-operative Societies

The Registrar of Societies Mr Justin R Mwansa extended his gratitude for the invitation, he also thanked everyone attending the AGM, he further stated that, in his observation Nkwazi Cooperative has been very consistent with conducting AGMs has stipulated not only in the Cooperative By-Laws but in the Cooperative Act also. He informed the meeting that the event during the times of crisis (covid-19) the cooperative still labored to conduct the AGM.

The registrar noted that Nkwazi Cooperative membership has been growing which is a sign that the cooperative is doing well. The registrar also commented on the surgency of ICT, echoing its importance of the modern-day life, he further stated that even the new dawn administration through the UPND manifesto advocates for such therefore cooperative members should embrace ICT. He also informed the meeting that the Small and Medium Enterprise ministry has also gone the root of use of ICT to register cooperatives.

The registrar also expressed concerns regarding member's willingness to participate in board matters, he stated that despite the growth in membership of the cooperative, members did not want to contest for positions on the board, this was noticeable owing to the fact that three vacancies had emerged for occupancy, however only three members successfully filled their nominations entailing that these members would automatically be voted onto the board un opposed.

In his closing remarks, the registrar appealed to the members not to remain in the terraces but to take keen interest in the affairs of the cooperative and be available to contest for board positions.

4. Reading and approval of prior AGM minutes

The Board Secretary led the meeting receiving any matters arising from page by page of the minuets from the prior AGM, with no matters arising, the secretary proposed for the minuets to be adopted, this was seconded by Mr Enock Banda.

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, past board members, Carecorp, Unzaralu, bankers Stanbic and FNB, Secretariat and general membership of Nkwazi.

The Chairperson Mr. Mampwe informed the meeting that this was his first and last speech as a chairperson as his tenor had come to an end after serving on the board for 6 years, he stated that previously he served as board Secretary for 5 years. He informed the meeting that from the time he joined the board his first remark was that there was nothing small about Nkwazi and this has proven to be true.

The chairperson further thanked the past board members, members and secretariat for the unwavering support given to him through his tenor. He also encouraged members to take part in the affairs of the Cooperative by contributing ideas aimed at improving the Cooperative to greater heights.

Mr Mampwe further talked about the effects of Covid-19 on the economy, the rising inflation and the weakening of the local currency adding that all these turbulences were significantly impacting the Zambian economy. Below were the key summaries from his report.

Key Achievements

- Impressive performance recording 39% Revenue growth compared to prior year 25%, Profit margin 57% compared to 20% prior year.
- Declared and paid interest on savings to members amounting to ZMW5 million
- Data cleaning in preparation of migration to new loans module (WESE), an electronic platform enabling members to view online statement and reduce on the use of paper which has an impact on the environment.
- Increased investments in financial instruments (GRZ Securities) by 70% in a bid to diversify fund holding and being cognizant of the risks associated with loans, in keeping with the old adage "never put all your eggs in one basket"
- Successful internal restructure after the departure of Ms Mweene,

Challenges

- Covid-19 continued to grapple the world in socio economic ways.
- Increasing inflation and a weakening currency continued forced the lending sector to a continued reduction in demand for credit, impacting institutions in lending.
- Slow membership growth
- Non-performing loans remained a threat
- Increasing withdraws from savings arising as a threat from competitors who promise high returns
- Low interest rate of 15% capped on loans over loan tenor.

In closing remarks, the outgoing Chairperson emphasized the need for the cooperative strategic plan spanning over 2022 to 2026, he informed the meeting of the big dreams the cooperative has and the great ideas coming from the members, the chairperson informed the meeting that the cooperative was looking at possibilities of vehicle financing partnerships, refocusing on Nkwazi Finance and investing more in financial instruments that offer stability and good yield.

The Chairperson also informed the meeting that, he was optimistic with the coming year 2022 owing to a positive forecast by the world bank which projected Global growth at 3.8% and locally a successful transition of political power which was already showing signs that government will focus on stabilizing the economy.

6. To receive and consider the Treasure's Report and Audited Financial Statements for the year ended 31st December 2021

The treasurer Mr Simate Simate presented his report beginning with a comment on both global and local economy performance. He highlighted global performance to decelerate to 4.1% going into 2022 from an estimated 5.5% in 2021. On the local economy, the treasurer highlighted GDP growth recorded in 2021 of 3.6% in comparison to a contraction of 2.8% recorded in 2020. He further stated that, annual inflation at the end of 1st quarter of 2021 closed at 22% compared to 14% of the same period previous year, however notable declines inflation were seen towards the end of the year 2021 riding on the backdrop of improved food supply and stabilised local currency.

He further informed the meeting that, the growth in GDP in 2021 was mainly attributed to five industries being, Information and communication, Construction, Manufacturing, Transport and storage and Public Administration.

The treasurer also informed the meeting on credit conditions highlighting a loose lending criterion which was linked to household, small and medium enterprises (SMEs) as well as large corporations. This was mainly attributed to improved market liquidity and enhanced drawdown on the Bank of Zambia Targeted Medium Term Refinancing Facility (TMTRF). He stated that demand for personal loans remained high as real incomes for households continued to be eroded by inflation. In contrast, mortgage loans remained subdued and the high cost of motor vehicles continued to affect demand for car loans, demand for working capital by SMEs remained strong while those for long term financing remained weak.

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

- Revenue increased by 39% compared 26% in 2020, this was as a result of increased diversified investments, which included Government Securities and Fixed Term deposit.
- Profit increase to ZMW3.9 million from ZMW1.9 million posted in 2020, increase attributed to increase in Financial Instruments.
- Asset weight of 63% Loans, 31% Financial Investments, 4% Cash and 2% office Building. Total asset grew by 20% closing at ZMW95.1 million from ZMW78.9 million recorded in 2020.

In closing remarks the treasurer advised members to minimise borrowing and maximise savings in periods of rising inflation and weaking local currency and on the hand encouraged 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. He further stated that the board and management remained committed to ensure positive performance is achieved for the remainder of the year 2022.

Credit Committee Report

The Credit committee report was presented by Ms Eda Lifuka, outlined in the report was a decrease in Loan disbursed of 19% with 931 loans applied for in 2021, compared to 1150 processed in 2020. However, despite the reduction in the loans processed, there was an increase in the net amount paid by 3%.

The meeting was informed that net loans amounting to ZMW45.5.1 million were disbursed compared to ZMW44.1 million, this pay-out was mainly characterised by provident loans while all other four loans (Education, Commodity, Emergency and Energy Relief) reduced.

The meeting was informed that the Cooperative issued a total of ZMW102.3 million loans in the year 2021 compared to ZMW99.1 million in 2020 representing a 3.2% increase.

The credit committee also informed the meeting that there was steady improvement in the management of debtors and collections from bad debts, the Credit Chairperson informed the general meeting that a total of ZMW261,000 was collected in the year 2021, reducing the bad debt balance form ZMW700,000 to ZMW439,000. The Chairperson further informed the meeting that credit controls were being enhanced by requesting members to attach contract of service and DCP statements for the purpose of risk assessment and mitigation.

Ms Eda informed the meeting that the year 2021 was challenging for business and social economic activities for Nkwazi members and the country as a whole as the global pandemic threatened to slow down activities, however, despite the challenges the cooperative remained diligent in serving its members.

In her closing remarks she encouraged members to invest in profitable ventures and borrow wisely for their socioeconomic 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 despite the impact of Covid- 19 which resulted to many projects closing the committee was pleased with a steady increase in its membership recording an 8% increase compared to 2020 results. She further informed the meeting that the committee managed to schedule one training session for the directors and staff. The meeting was further informed that the committee was looking at alternatives of ensuring member maximisation per existing agency as well as onboarding new agencies. She further informed the meeting that the committee was looking at plans of establishing WhatsApp groups for members to be used as discussion platforms and education than to wait for AGMs to obtain ideas.

Ms Mwenya also informed the AGM that the committee continued to circulate newsletters and that the 2021 edition included a success story of Mr Joseph Kamanga, the education chairperson also informed the meeting that there was one pending success story from Mr Nelson Chuma who had opened his business for members wishing to visit his farm and learn a thing or two. She also stated that they were plans of enhancing the Nkwazi website to be more interactive.

In closing remarks, Ms Mwenya informed the meeting that the success stories capture remain an on going process and advised members to come through and share a part of their stories.

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 2021.

The secretary read out item number 8, adoption of reports, the adoption of the reports was proposed by Ms Kamiji Mulyata seconded by Mr Musongo Geofrey and Martin Kangwa and Mr Joseph.

8. Appointment of Auditors

Members deliberated on the Audit opinion read by the treasurer, some members suggested that the auditors be changed owing to their absence, on the other hand other members informed the meeting that the absence of the auditor does not change the audit opinion read out and further enquired from the meeting if the replacement auditors had already been identified should the meeting decide to change the auditor.

Maters Arising from the Reports

- 1) Reduced loans issued a member enquired whether the statement issued by the Treasurer regarding encouraging members to save more and borrowing less was a new strategy by the board and asked how then would the cooperative make money. The credit chairperson Ms Eda Lifuka responded to the query by informing the meeting that the approach was to have members saving more than they were borrowing as this would benefit them more rather than them having many obligations, she further stated that excess savings would be used by the cooperatives to make other investments i.e. purchase of GRZ securities.
- 2) Measures done on defaulters a member enquired on the measures done to mitigate the risks of default and at what point do the cooperative discover of the default. In response the credit chair responded that most defaulters are as a result of members loosing employment, she informed the meeting that the secretariat is in constant Liaison with various Human resource officers and finance officers, communicating outstanding loans for employees who are separating, at the point recoveries should be made for all loan exposures, however, there has been situations where one leaves employment and their benefits accrued are not sufficient to cover loan exposures, this led to increase in defaulters. As part of mitigation members who are separating are now asked to lodge collaterals with the cooperative inform of movable or immovable property.
- 3) A member sited two defaulters who have separated from their employees, he stated that his case was very practical he separated from Jhpiego and at the point of separation his obligations at Nkwazi cooperative were withheld by the employer and communication given to him two weeks prior to the separation. The member further enquired if one ceases to be a member of Nkwazi when they change employment. In response, the outgoing chairperson informed the meeting that when one leaves employment, they do not cease to be members of the cooperative and currently the cooperative has a number of those who have left employment but continued to be members of Nkwazi.
- 4) Insurance Policy for Loans a member enquired of the option to use Insurance to cover loan default seeing that the majority of borrowers could be coming from USG who have a greater portion of membership. A subsequent follow through comment was made by Chair emeritus Mr Richard Musukuma who advised that this suggestion comes up at every AGM, he informed the meeting that this option was once assessed by the previous board, however, the challenges with it was that insurance companies expect all recovery options exhausted before they can pay premium for loans in default, further the emeritus Chairperson informed the meeting that this option received hesitation from members to take up the insurance cost.
- 5) Share of success stories, a member enquired as to why wait for a particular time before viewing the farm for a member who has invited members to be inspired by their story, the member further suggested that it would be best to leave it open for any member intending to visit Mr Chuma's farm to freely do so, alternatively videos maybe taken and posted or shared to a platform where any member can watch the success stories. The education committee chair noted the concern and advised that the committee will quickly get hold of members who wish to share their success stories including those who are building.
- 6) Criteria used for an organisation to be a member of Nkwazi a member enquired of the criteria used for one to join Nkwazi, another member subsequently asked if it was possible for individual public members to Join the cooperative other than through MOU. The chairperson Mr Ferzio Mampwe responded by briefly explaining how

Nkwazi started, he informed the meeting that initially the cooperative started as a chilimba at USAID however has now since grown and become a formal office, it has transitioned over the years from admitting employees of USG to now also admitting other NGOs who share common grounds with the objects of the cooperative. He informed the meeting that employees from other organisation intending to join may invite secretariate management for formal appraisal and MOU engagements. He further stated that, currently the cooperative does not admit individual members of the public due to the setup of the business model where member contributions are done at payroll with organisations who have signed MOUs with the cooperative.

- 7) Auditors' absence at the AGM a member enquired of the absence of the auditors at the AGM, he suggested that auditors are paid fees for their work therefore should attend the AGM and present their report, he started that this was a serious concern as it's a matter involving members money, the member also raised another concern regarding the issuance of AGM packs to the meeting attendees, he suggested that each member present be handed a hard copy of the annual report.
- 8) Plans to partner with real estate companies, a member enquired what plans the cooperative has to empower its members, such as plans to partner with property developers, the member further enquired if the cooperative has intentions of introducing loan repayments holidays owing to covid-19 pandemic as part of relief to the members. The Chairperson responded by informing the meeting that currently the cooperative has not partnered with any real estate company, he further informed the meeting that building projects are mostly inclined to individual goals and that members would opt to borrow provident loans and build on their own.

The chairperson also responded to the question regarding loan holiday, he stated that the interest rate Nkwazi offer is very competitive therefore having loan holidays would impact on the performance of the cooperative.

9) A member submitted a comment regarding the use of ICT, the member stated that the Registrar of societies talked about the use of ICT in cooperatives, he further stated that the education committee mentioned about the plans of updating the Nkwazi website, he commented that success stories should be uploaded on the website so that people receive more benefits from the use of ICT.

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

There were two motions received, first motion was retaining D&G as the cooperatives Auditors for the financial year 2022 and second motion being revision of remuneration for the board of directors.

First Motion

Upon a lengthy deliberation a motion was raised to a vote for retain or change the auditor, the registrar of cooperatives guided the meeting that board members are part of membership and therefore allowed to vote as well.

The vote results were as follows:

- a) 31 members in favour of change of Auditors.
- b) 41 members not in favour of change of Auditors.

With the majority being in favour of retain, D&G Management consultants were appointed as auditors for the financial year ending 31 December 2022.

Second motion

Revision of board emoluments, the outgoing chair raised a motion to revise the board allowances from the current ZMW750 to ZMW1,200.00 per board sitting. The general members expressed differing reviews regarding the increment, other members proposed for ZMW1,200 while others proposed for ZMW1,500. Hence resulting to bring the decision to a vote.

The registrar guided the process of voting, below where the vote results.

- a) 5 members voted for ZMW1,200
- b) 40 members voted for ZMW1,500

With a majority voting for an increase to ZMW1,500. A decision was passed to increase the board allowances from ZMW700 to ZMW1,500 per board sitting.

10. Pronouncement of retiring Board members.

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

- 1) Chairperson Mr Ferzio Mampwe, who had served for more than 6 years on the board was retiring and did not qualify for re-election.
- 2) Director Mr Danny Sikazwe, served for less than 6 years, however declined to be re-elected.
- 3) Director Ms Kamiji Mulyata, who had served for more than 6 years on the board was retiring did not qualify for re-election.

The registrar proceeded with the issuing of honorarium to the retiring board members, he further informed the meeting that three vacant positions as a result of retiring directors has emerged. However, only three members have expressed interest in the vacant positions and these were as follows;

- 1) Ms Doreen Zulu from Mehhary
- 2) Mr Joshua Kashitala from JSI- USAID
- 3) Ms Mphatso Mudenda from CDC

With this pronouncement, the three members were ushered on the board of directors unopposed.

Upon successful filling of the vacant positions, the registrar led the AGM to the elections of Board Chairperson and Secretary. Two board members contested for the position of Chairperson; the election results were as follows.

Chairperson

- 1) Ms Eda Lifuka 49
- 2) Ms Getrude Mwenya 18

Ms Eda Lifuka was duly elected as chairperson of Nkwazi cooperative,

Secretary

- 1) Ms Kashiya Chabala 14
- 2) Mr Chibuna Muteto 55

Mr Chibuna Muteto was duly elected as secretary for Nkwazi cooperative.

New elected Board

There were 3 new members elected to the board. Below is a list of new board after a successful election.

1)	Ms Eda Lifuka	 Chairperson elected
2)	Ms Getrude Mwenya	 Vice Chairperson

3) Mr Simate Simate – Treasurer

4) Mr Chibuna Muteto - Secretary Elected
 5) Mr Takudzwa Mwila - Board Member
 6) Ms Kashiya M Chabala - Board Member

7) Ms Doreen Zulu – Board Member Elected
 8) Mr Joshua Kashitala – Board Member Elected
 9) Ms Mphatso Mudenda – Board Member Elected

The registrar commended the outgoing chairperson Mr Ferzio Mampwe and congratulated the new Chairperson Ms Eda Lifuka. The registrar also emphasized that despite Nkwazi being one of the best performing cooperatives, members need to take keen interest in the affairs of the cooperative by attending AGMs and participating.

11. Any other business

Chair emeritus Mr Musukuma advised the new board members about the pending by-laws and hoped that this can be facilitated at shortest possible time, he also brought to the attention of the need to relook at the interest rate in the loans which is 15% per tenor of the loan whereas in the by-laws this is stated as per annum. The emeritus chairperson further reminded the board about the special purpose vehicle Nkwazi Finance, adding that time lines needed to be attached to the launch of this investment.

Another member Lenin Banda wanted to find out what the new Chairperson and Secretary would bring on the table for their new campaigns. In response Ms Lifuka advised that the concerns brought to the AGM have been noted and that the board will ensure that these are addressed, she also noted the comment from the registrar regarding low member turnout and advised that this is something to put some effort to, with a bid to ensure members attend these important meetings.

The secretary in response to Mr Banda's question advised that he was coming to bridge the gap between secretariat, board and general membership ensuring that communication glitches are reduced.

12. Adjournment

The new appointed Chairperson Ms Eda Lifuka thanked the outing going Chairperson Mr Ferzio Mampwe, the registrar of societies Mr Justin Mwansa and welcomed the new board. With no further matters the director of programs Ms Mulyata invited all the meeting participants for lunch.

With no further business the meeting was adjourned at 13:55 hours.

Minutes prepared by,

Timothy Ngoma, Manager.

ADDENDUM (I)

Physical Attendees

Online Attendees

No	NAME	No	NAME
1	Misheck Tembo	70	Tamara Munkanda
2	Ferzio C. Mampwe	71	Nicolus Melusi Zulu
3	Malilwe Masole	72	Kachali Lameck
4	Takudzwa Mwila	73	Muleba Matafwali
5	Eda M Lifuka	74	Cynthia Shava
6	Kashiya M Chabala	75	Chilomo, Chisenga M
7	Stacey Nyendwa	76	Koloko, Paxina
8	Kelvin Mwantalasha	77	Chansa E. Katongo
9	Michael Kangwa	78	Lungu Godfrey
10	Chansa E Katongo	79	Bwalya Mudala Clement
11	Sody Munsaka	80	Nota Amos
12	Kamiji Mulyata	81	Libingi Mirriam
13	Mutinta Zilindi	82	Nyirenda Annie Kauseni
14	Kelvin Sichiweza	83	Clifford Mulumba
15	Getrude Mwenya	84	Dr. Joseph.nikisi
16	Mumba Ngosa	85	Prisca Kanyama
17	Martin Nkonde	86	Banda Nelson
18	Simate Simate	87	Nyanoka Charles
19	Mpundu Joseph	88	Lisulo Wina
20	Justin Lubinda	89	Ezron Musakala
21	Kabinga George	90	Chilufya Henry
22	Mike Ndlovu	91	Mutila, Chota
23	Ernest Kanganja	92	Kachemba Arthur
24	Geoffrey Munsongo	93	Henry Sichinga
25	Joseph Kulanguluka	94	Mbewe Mecha
26	Joseph Kabwe	95	Mwamba Jonathan
27	Richard Musukuma	96	Tembo Rose
28	Chabu Mulundu	97	Ambulaya, Shupa
29	Mwansa Mordegay	98	Zumani Roselyn
30	Donald Ngwira	99	Khondiwa Hartley
31	Mwami Mugala	100	Dr Omega Chituwo
32	Arthur Kachemba	101	Khunga Helen
33	Justin Mwansa	102	Chipalo S Wapatwa
34	Mirriam Lubingi	103	Dixon Mvula
35	Enock Banda	104	Mhango Doris
36	Anthony Mwamba	105	Macnicious Mwiimba
37	Mwiikisa Chimuka	106	Musonda, Innocent Chintatwala
38	Biko Soko	107	Mutambo, Kamuchizya

39	Makalicha D Kapalu	108	Milika Edith Zimba
40	Dennis Sakala	109	Doreen Zulu
41	Kennedy Mbuzi	110	Muleya, Carlos
42	Belinda Bwalya	111	Josephat Mutale
43	Justin Muleka	112	Mwila Delilah
44	Annie K Nyirenda	113	Mwale Elias
45	Mwata Enock	114	Jennipher Kalumbeta
46	Chellah Maybin	115	Mwansa Elvis
47	Mubanga Chileshe	116	Malama Constantine
48	Mavis Tembo	117	Ishimbulo Chabala Susan
49	Blandish Kambole	118	Mwaba Mumba - Chisala
50	Kambatika Sydney	119	Zulu Eugenia Choolobwe
51	Elias Sinkamba	120	Ulaya Patricia Zulu
52	Levi Mbulo	121	Phiri Nelson
53	Sakala Tom	122	Mwale James
54	Prunella K Kalela	123	Banda, Angela T
55	Naomi Mwanza	124	Kabungo Kachelo Mwape
56	Chishiba Tuyu	125	Koni Philip
57	Josephine . M.Chikopa	126	Muzyamba, Malambo
58	Thomas Mupashi	127	Majula Dunda
59	Kambamba Malaila	128	Karen Kakoma
60	Sampa Helen	129	Christopher Chabu Kangale
61	Dawson Ngoma	130	Chanda-Kasese, Pauline N
62	Isaac Zimba	131	Lima, Luis Anderson Lemos Da C
63	Namunji Charles	132	Chansa, Chimfwembe
64	Lenin Banda	133	Phiri Ngaitila
65	Geoffrey Miyanda	134	Banda, Lekani Venevivi
66	Jackson Mulevu		
67	Clement Chilufya		
68	Ngailua Phiri		
69	Kamuchizya Mutambo		



Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)

Financial Statements for the year ended 31 December 2022

General Information

Country of incorporation and domicile Zambia

Directors Mrs. Eda Lifuka

Ms. Getrude Mwenya
Mr. Simate Simate
Mr. Chibuna Muteto
Mr. Takudzwa Mwila
Ms. Kashiya Chabala
Mrs. Doreen Zulu Mwansa
Mr. Joshua Kashitala
Dr. Mphatso Mudenda

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 First National Bank Limited

Stanbic Bank Limited

Secretary Mr. Chibuna Muteto

Auditors D&G Management Consultants

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)
Financial Statements for the year ended 31 December 2022

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 on Saturday 25th March, 2023 at Radisson Blu Hotel Lusaka and virtually, at 08:30 hours to 13:30 hours 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 2022.
- 7. Adoption of the Reports.
- 8. Appointment of Auditors for the year ending 31st December 2023.
- 9. Adoption and consideration of motions brought to the meeting.
- 10. Election of Chairperson, Vice Chairperson, Secretary and Treasurer.
- 11. Any other business.

By order of the Board

Mr. Chibuna Mutelo BOARD SECRETARY

Nkwazi Cooperative Savings and Credit Society Limited

(Registration number 365)
Financial Statements for the year ended 31 December 2022

Directors' Report

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 allreasonable 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 2023 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 31, which have been prepared on the going concern basis, were approved by the Board of Directors on 7th March, 2023, and were signed on

their behalf by:

Mrs Edal ifuka

Mr. Chibuna Muteto

(Registration number 365)

Financial Statements for the year ended 31 December 2022

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 2022.

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 K5,317,618 (2021: K3,945,203). A dividend of K143,400 was declared during the period under review (2021: K140,000).

3. Directors

The Directors who held office during the year were:

Directors	Position	Committee	Date Elected
Mrs. Eda Lifuka	Chairperson	Executive Committee	May 2021
Ms. Getrude Mwenya	Vice Chairperson	Education Committee	May 2021
Mr. Simate Simate	Treasurer	Executive Committee	May 2021
Mr. Chibuna Muteto	Secretary	Executive Committee	May 2021
Mr. Takudzwa Mwila	Board Member	Credit Committee	May 2021
Ms. Kashiya Chabala	Board Member	Credit Committee	May 2021
Mrs. Doreen Zulu	Board Member	Credit Committee	May 2022
Mr. Joshua Kashitala	Board Member	Education Committee	May 2022
Dr. Mpatso Mudenda	Board Member	Education Committee	May 2022

In accordance with the By-Laws of the Cooperative, three 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

	2022	2021
Ordinary shares, valued at K50 per 200 shares (K10,000) for each member	K7,438,696	K7,253,593

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

	Number of Members 2022	Value of Shares 2022	Number of Members 2021	Value of Shares 2021
Fully Paid Up Members	717	7,170,000	700	7,000,000
Partially Paid Members	45	268,696	43	253,593
	762	7,438,696	743	7,253,593

5. Capital Expenditure

Capital expenditure for the year amounted to K426,552 (2021: K301,738).

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.

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Financial Statements for the year ended 31 December 2022

Directors' Report

6. Employees

The average number of employees during the financial year under review was 7 (2021: 7). The total remuneration paid to the employees during the year was K2,466,961 (2021: K2,017,578).

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 it's 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 K46,000.

The financial statements set out on pages 10 to 31, which have been prepared on the going concern basis, were approved by the board of directors on 7th March, 2023, and were signed on its behalf by:

By Order of the Board

Mrs. Eda Lifuka Chairperson 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 31, which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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 2022", which includes the Directors' Report and the Audit Committee's Report as required by the Co-operative Act of Zambia. 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 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, 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 Co-operative 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 company'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 company 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud
 or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that
 is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material
 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve
 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 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 Societies Act, we report that, in our opinion the required accounting records, other records and registers have been properly kept and that Nkwazi Savings and Credit Cooperative Society has complied with all the relevant provisions in accordance with the Act.

The engagement partner on the audit resulting in this independent auditor's report is;

D & G Management Consultants Chartered Accountants

Tresphored Kabanga, FZICA, FCCA

Partner

Member's Practicing Certificate Number: AUD/F000895

Partner Signing on Behalf of the Firm

Statement of Financial Position as at 31 December 2022

Figures in Zambian Kwacha	Notes	2022	2021
Assets			
Non-Current Assets Property, plant and aguipment	1	2 219 060	2 042 902
Property, plant and equipment Government Securities - Bonds	4 6	2,218,969 34,478,654	2,042,893 13,876,501
Investment in shares	7	77,150	20,000
IIIVESUITETU III SHALES	ı		
		36,774,773	15,939,394
Current Assets			
Trade and other receivables	8	60,628,294	63,264,355
Government Securities - Bonds	6	3,997,080	7,587,088
Cash and cash equivalents	9	11,742,450	8,328,395
		76,367,824	79,179,838
Total Assets		113,142,597	95,119,232
Equity and Liabilities			
Equity			
Share capital	10	7,438,696	7,253,593
Reserves		8,577,966	4,846,066
Retained income		10,474,459	8,506,619
		26,491,121	20,606,278
Liabilities			
Non-Current Liabilities			
Members' Deposits	12	82,233,868	71,286,321
Current Liabilities			
Trade and other payables	13	690,627	373,838
Dividend payable	14	143,400	140,000
Interest Accrued	15	3,583,581	2,712,795
		4,417,608	3,226,633
Total Liabilities		86,651,476	74,512,954
Total Equity and Liabilities		113,142,597	95,119,232

Statement of Profit or Loss and Other Comprehensive Income

Figures in Zambian Kwacha	Notes	2022	2021
Revenue		8,612,119	7,828,725
Other operating income		8,108,924	6,444,002
Other operating expenses		(4,779,189)	(4,857,110)
Operating profit		11,941,854	9,415,617
Interest Costs	3	(6,624,236)	(5,470,414)
Profit for the year		5,317,618	3,945,203
Total comprehensive income for the year		5,317,618	3,945,203
Included in the profit of K5,317,618 (2021: K3,945,203) as distributed below:			
10% - Reserves		531,173	394,520
20% - Investments		1,063,452	789,041
70% - Member Equity Growth		3,722,081	2,761,642
Member Dividends		143,400	140,000

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Statement of Changes in Equity

Figures in Zambian Kwacha	Share capital	Investment Funds	Equity R Sharing	Reserve Fund	Total Reserves	Retained income	Total Equity
Balance at 01 January 2021	7,219,104	•	(1,657,576)	1,234,731	(422,845)	4,561,416	11,357,675
Profit for the year Total comprehensive income for the year						3,945,203 3,945,203	3,945,203 3,945,203
Other comprehensive income Transfer between reserves	34,489	- 877,921	1,657,576 2,733,414		1,657,576 3,611,335		1,657,576 3,645,824
Total contributions by and distributions to owners of company recognised directly in equity	34,489	877,921	4,390,990		5,268,911	•	5,303,400
Balance at 01 January 2022	7,253,593	877,921	2,733,414	1,234,731	4,846,066	5,156,841	17,256,500
Profit for the year Other comprehensive income	1 1	- (877,921)	(2,733,414)		(3,611,335)	5,317,618	5,317,618 (3,611,335)
Total comprehensive income for the year		(877,921)	(2,733,414)		(3,611,335)	5,317,618	1,706,283
Transfer between reserves	185,103	1,666,962	5,281,753	394,520	7,343,235	•	7,528,338
Total contributions by and distributions to owners of company recognised directly in equity	185,103	1,666,962	5,281,753	394,520	7,343,235	•	7,528,338
Balance at 31 December 2022	7,438,696	1,666,962	5,281,753	1,629,251	8,577,966	10,474,459	26,491,121
Note(s)	10			11			

Statement of Cash Flows

Figures in Zambian Kwacha	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from/(used in) operations Interest Costs	16	16,425,291 (6,624,236)	1,953,588 (5,470,414)
Net cash from operating activities		9,801,055	(3,516,826)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(426,552)	(301,738)
Sale of property, plant and equipment	4	(27,203)	-
Sale of other intangible assets	_	-	151,815
Movements in Government Securities Movements of investment in shares	6	(17,012,145) (57,150)	(8,959,036)
Net cash from investing activities		(17,523,050)	(9,108,959)
Cash flows from financing activities			
Revaluation of shares	10	185,103	34,489
Movement in Members' Deposits		10,947,547	•
Movements in dividends		3,400	6,400
Net cash from financing activities		11,136,050	11,915,891
Total cash movement for the year		3,414,055	(709,894)
Cash at the beginning of the year		8,328,395	9,038,289
Total cash at end of the year	9	11,742,450	8,328,395

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Financial Statements for the year ended 31 December 2022

Accounting Policies

Corporate information

Nkwazi Cooperative Savings and Credit Society Limited is a public limited company incorporated and domiciled in Zambia.

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on .

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 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.

1.2 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%
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%

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

1.3 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.

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.4 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 assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- (b). managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Debtors and Other Receivables

Debtors and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Cooperative intends to sell in the short-term or that it has designated as at fair value through income or available for sale. Debtors and receivables are recognised at fair value, less provision for impairment. A provision for impairment of debtors and 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments, balances held with banks. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents.

Held-to-Maturity Financial Assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of debtors and receivables that the Cooperative's management has the positive intention and ability to hold-to-maturity. These assets are recognised at fair value, less provision for impairment. A provision for impairment is established when there is objective evidence that the Cooperative will not be able to collect all amounts due according to their original terms.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value. Debtors and receivables and held-to-maturity financial assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains or losses on financial assets. Interest on available-for-sale securities is recognised in the income statement. Dividends on available for-sale equity instruments are recognised

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Accounting Policies

1.4 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.

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Financial Statements for the year ended 31 December 2022

Accounting Policies

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.

If there is objective evidence that an impairment loss has been incurred on debtors and receivables or held-tomaturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Financial Assets Carried at Fair Value

The Cooperative assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed.

The impairment loss is reversed through the income statement, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.5 Impairment of assets (continued)

higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.6 Borrowing costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis. Translation costs arising on arranging a new financial liability are debited to the liability and amortised over the life of that liability. Borrowing-costs are charged to the income statement for the year in which they are incurred.

1.7 Compound instruments

Short-term interest bearing liabilities include all amounts expected to be repayable within twelve months from the date of the balance sheet, including installments due on loans of longer duration. Long-term interest bearing liabilities represent all amounts repayable more than twelve months from the date of the balance sheet.

1.8 Provisions

Provisions are recognized when the Cooperative has a present or constructive obligation as a result of past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.9 Income tax

The Cooperative is exempt from payment of income tax by virtue of the Second Schedule, Part III of the income Tax Act 1966 as amended.

1.10 Employee benefits

Pension Obligations

The Cooperative contributes to National Pension Scheme Authority (NAPSA) where the Cooperative pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings. This is done for new employees (i.e. those who entered employment after the introduction of NAPSA) and also for contract employees. NAPSA is a defined benefit scheme. Membership to NAPSA is compulsory and monthly contributions by both employer and employee are made.

Retirement/Termination Benefits

All employees are entitled to gratuity benefits. Provision is made for past service on the basis of present conditions and earnings. The portion of the provision which is estimated to become payable after more than one year is shown as a deferred liability.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Cooperative recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Contract employees are paid terminal contract gratuity.

1.11 Dividends

Dividends are recognized as liabilities in the financial period in which they are approved by the Board of directors.

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.12 Investments in associates

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

1.13 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.

1.14 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
 and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.14 Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.15 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.16 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.17 Revenue from contracts with customers

The company recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021
2. Income		
Income for the year is stated after charging the following:		
Board Expenses Depreciation Audit Fees	104,750 277,679 46,000 428,429	59,250 359,587 40,000 458,837
And after crediting:		
Income from Financial Investments	7,271,464	5,659,952
3. Interest Costs		
Net foreign exchange (gains) losses on foreign currency borrowings Interest paid on Members' savings	(99,460) 6,723,696	318,497 5,151,917
Total finance costs	6,624,236	5,470,414

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021

4. Property, plant and equipment

Reconciliation of property, plant and equipment

	Buildings	Furniture and fixtures	Motor vehicles	Office equipment	Total
Cost	4 640 700	456.705	E0 706	726 440	2 565 620
At 01 January 2021 Additions	1,612,728 15,776	156,705 -	59,786 -	736,419 285,962	2,565,638 301,738
At 31 December 2021 Additions	1,628,504	156,705 57,860	59,786 319,731	1,022,381 48,961	2,867,376 426,552
At 31 December 2022	1,628,504	214,565	379,517	1,071,342	3,293,928
Depreciation and impairment At 01 January 2021 Depreciation	(23,206) (69,945)	, ,	(47,406) (12,380)	(369,330) (153,845)	(563,720) (260,763)
At 31 December 2021	(93,151)	,	(59,786)	(523,175)	(824,483)
Disposals	-	-	-	27,203	27,203
Depreciation	(70,193)	(15,577)	(34,550)	(157,359)	(277,679)
At 31 December 2022	(163,344)	(163,948)	(94,336)	(653,331)	(1,074,959)
Carrying amount					
Cost	1,628,504	156,705	59,786	1,022,381	2,867,376
Accumulated depreciation and impairment	(93,151)		(59,786)	(523,175)	(824,483)
At 31 December 2021	1,535,353	8,334	-	499,206	2,042,893
Cost Accumulated depreciation and impairment	1,628,504 (163,344)		379,517 (94,336)	1,071,342 (653,331)	3,293,928 (1,074,959)
At 31 December 2022	1,465,160	50,617	285,181	418,011	2,218,969

5. Capital Commitments

There were no capital commitments approved by the Board of Directors as at 31 December 2022 and 2021 respectively.

6. Government Securities - Bonds

Government Bonds Treasury Bills	34,478,654 3,997,080	13,876,501 7,587,088
Total Investment	38,475,734	21,463,589
Non-current assets Current assets	34,478,654 3,997,080	13,876,501 7,587,088
	38,475,734	21,463,589

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021
7. Investment in shares		
Shares in public stocks	77,150	20,000
The movements in financial instruments during the year under review as follows:		
At beginning of the year ZAMEFA share proceeds - Note 8 Shares in Zambia Breweries & Farmers House Capital gain/(loss) on shares	20,000 (19,160) 77,150 (840)	20,000
	77,150	20,000
8. Trade and other receivables		
Financial instruments: Trade receivables Provision for bad debts	60,375,248 (1,021,752)	59,792,257
Trade receivables at amortised cost Amount receivable for ZAMEFA shares	59,353,496 19,160	59,792,257
Prepayments	181,400	173,855
Interest Receivable from Investments Other receivable	1,059,096 15,142	3,283,912 14,331
Total trade and other receivables	60,628,294	63,264,355

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

In accordance with IFRS 9, the Cooperative provided for 1.7% credit loss allowance on the total gross loans as at 31 December 2022.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances Short-term deposits - First National Bank, Stanbic Bank & Banc ABC	2,530,189 9,212,261	3,940,200 4,388,195
	11,742,450	8,328,395

Short term fixed deposits are held for 365 days.

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021
10. Share capital		
Describe any changes in authorised share capital e.g. Conversion to net present value s	hares.	
Issued		
Ordinary	7,438,696	7,253,593
Issued & Fully Paid		
At beginning of the year Net Share Issued	7,253,593 185,103	7,219,104 34,489
Not office issued	7,438,696	7,253,593
11. Reserve funds		
At beginning of the year Transfer from revenue reserves	1,234,731 394,520	1,234,731
	1,629,251	1,234,731
12. Members' Deposits		
12. Moniboro Boposito		
At beginning of the year	71,286,321	59,411,319
Net deposits made during the year	10,947,547	11,875,002
	82,233,868	71,286,321
13. Trade and other payables		
Financial instruments:		
Audit Fees	18,400	40,000
Personal Levy Provision for Gratuity	(53) 553,472	- 264,064
National Health Insurance (NHIMA)	-	5,782
Net Pay Payable Pay As You Earn (PAYE)	24,919 93,888	63 004
ray AS Tou Earli (FATE)	690,627	63,994 373,838
	030,021	373,030
14. Dividend payable		
At beginning of the year	140,000	133,600
Dividends declared during the year	143,400	140,000
Paid during the year	(140,000)	(133,600)
	143,400	140,000

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.

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021
15. Interest accrued		
Interest on Savings Payable	3,583,581	2,712,795
16. Cash generated from operations		
Profit before taxation	5,317,618	3,945,203
Adjustments for:		
Depreciation and amortisation	277,679	359,587
Interest Costs	6,624,236	5,470,414
Net movement in investment funds	382,125	(379,212)
Changes in working capital:		
Trade and other receivables	2,636,061	(7,985,789)
Trade and other payables	316,786	74,551
Movement in interest accrued	870,786	468,834
	16,425,291	1,953,588

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha 2022 2021

17. 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 ongoing basis.

Debtors and other receivables are recognized 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 recognized 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 riskingdamage 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 optimizing the return on risk.

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

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021

17. 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.

18. 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	60,609,133	63,264,357
Cash & Cash Equivalents	9	11,742,450	8,328,395

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:

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Zambian Kwacha	2022	2021

18. Financial instruments (continued)

	2022 Gross	2022	2021 Gross	2021
		Impairment		Impairment
Neither overdue nor impaired 1 - 30 days	410,840	-	410,840	-
Past due 31 - 60 days	4,487,917	-	4,487,917	-
Past due 61 - 90 days	343,787	-	343,787	-
Past due over 90 days	55,132,703	(1,021,752)	54,110,951	-
	60,375,247	(1,021,752)	59,353,495	-

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	82,233,868	82,233,868	8,555,811	28,002,842	45,675,215
Trade payables	690,626	690,626	690,626	-	-
	82,924,494	82,924,494	9,246,437	28,002,842	45,675,215

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.

19. Related parties

Relationships

Ultimate Controlling Parties

The Cooperative's is owned by local employees of the various institutions based in Zambia as stipulated in its by-

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.

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

21. Contingent liabilities

In the opinion of the directors there were no known contingent liabilities as at 31 December 2022 and 2021 that might change the status of the financial statements, or require disclosure separately.

22. 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 2022 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.

Detailed Income Statement

Figures in Zambian Kwacha	Notes	2022	2021
Interest Income			
Commodity Loan		360,761	246,890
Educational Loan		132,390	141,733
Emergency Loan		41,250	41,262
Energy Relief Loan		103	63,764
Provident Loan		8,077,615	7,335,076
		8,612,119	7,828,725
Other operating income			
Change in fair value		(840)	4,000
Interest on financial investments		7,271,464	5,659,952
Loan administration fees		229,200	197,700
Membership fees		11,700	8,400
Refinancing fees		597,400	573,950
		8,108,924	6,444,002
Expenses (Refer to page 33)		(4,779,189)	(4,857,110)
Operating profit		11,941,854	9,415,617
Interest Costs	3	(6,624,236)	
Profit for the year		5,317,618	3,945,203

Detailed Income Statement

Figures in Zambian Kwacha	Note(s)	2022	2021
Other operating expenses			
Annual general & committee meetings		234,483	74,832
Audit fees		46,000	40,000
Bad debts written off		26,270	1,781,744
Bank charges		47,068	43,086
Board expenses		104,750	59,250
Computer expenses		2,500	-
Consultancy fees		15,000	26,700
Depreciation		277,679	359,587
Electricity & water		17,771	16,322
Insurance		1,638	2,209
Internet & communication expenses		79,823	61,005
Licences		23,434	12,340
Motor vehicle expenses		33,282	2,318
Motor vehicle/genset fuel cost		25,346	13,760
Office expenses		148,041	41,153
Other		(99)	100,710
Other directors' fees		27,000	18,000
Other professional fees		6,333	7,033
Postal box rent		6,500	6,500
Provision for bad debts - Note 8		1,021,752	-
Repairs & maintenance		43,884	64,434
Salaries & wages		2,466,961	2,017,578
Security		101,450	91,642
Telephone		19,870	14,976
Travel - local		2,453	1,931
		4,779,189	4,857,110

































