



2020 ANNUAL REPORT

Nkwazi Co-operative Savings and Credit Society Ltd

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NOTICE OF THE 23RD ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting (AGM) of the members of Nkwazi Co-operative Savings and Credit Society Limited will be held virtually on Saturday, **15th May, 2021** from 08:00 hours to 13:30 hours.

The AGM will elect six members to the Board of Directors following the retirement of Dr. Mathew Saili and Mr. Thomas Mupashi at the 22nd AGM. An additional four Directors will be retiring at the 23rd Annual General Meeting namely the Chairperson, Mr. Richard Musukuma (not eligible for re-election), Vice Chairperson Ms. Getrude Mwenya, Head of Credit Committee Ms. Eda Lifuka and Education Committee member Ms. Ivy Nawa.

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 2020.
7. Adoption of the Reports.
8. Appointment of Auditors for the year to 31st December 2021.
9. Adoption and consideration of motions brought to the meeting. *(Members are encouraged to send their motions in advance to the following email address: manager@nkwazicoop.com)*
10. Pronouncement of retiring Board members.
11. Any other business.

By order of the Board



Ferzio C. Mampwe
Board Secretary

VISION, MISSION & ORGANISATIONAL VALUES

Vision Statement

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

Mission Statement

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

Organisational Principles

1st Principle: Voluntary and Open Membership

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

2nd Principle: Democratic Member Control

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

3rd Principle: Member Economic Participation

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

4th Principle: Autonomy and Independence

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

5th Principle: Education, Training and Information

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

6th Principle: Co-operation among Co-operatives

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

7th Principle: Concern for Community

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

STANDING ORDERS

The board of directors in accordance with section 20 of the by-laws hereby provides the “Standing Orders” for the 23rd 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



Richard Musukuma
Board Chairman

Richard Musukuma is a seasoned Finance, Accounting and Business expert with 18 years' experience both in Profit and Not for profit organization. He is the current Board Chairperson and has previously served as Board Secretary and Treasurer. His vision is to sustain and consolidate Nkwazi growth over the years; grow Nkwazi asset base for the benefit of the general membership and continue to pursue the vision of making Nkwazi the “most preferred Credit



Gertrude Mwenya
Board Vice Chairperson

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

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



Danny Sikazwe
Board Treasurer

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

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



Ferzio Mampwe
Board Secretary

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



Eda Lifuka
Head of Credit Committee

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

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



Kamiji Mulyata
Board Member

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



Ivy Nawa
Board Member

An entrepreneur at heart with professional experience in Business Management and Human Resource Management, she previously worked at Peace corps as Deputy Director for Management and Operations, DDMO.

Nkwazi Cooperative Board Member since 2018 and serves on the Education Committee.

MEMBERS OF STAFF

Meet our friendly and dedicated team



Mweene Kasongo
MANAGER
Joined the team in 2017

Farewell Message

I wanted to take a moment and say farewell. It is bittersweet as I have really enjoyed my 4 years of working for Nkwazi Co-operative. During my time I felt supported and this is something I really appreciate. I wish to personally thank the Board of Directors for the privilege of serving the Co-operative, and Nkwazi staff for the teamwork. As I move on to explore other endeavors, I remain a member of the Co-operative and I am confident that the exceptional team and Board will continue with the great dedication to the membership. I wish you all the very best!



Timothy Ngoma
SENIOR ACCOUNTANT
Joined the Nkwazi team in 2020



David Mwamba
SENIOR CREDIT OFFICER
Joined the Nkwazi team in 2012



Audrey Bwalya
ACCOUNTANT
Joined the Nkwazi team in 2021



Malilwe Mulendema
CREDIT OFFICER
Joined the Nkwazi team in 2015



Caroline Mwila
CUSTOMER EXPERIENCE ADVISOR
Joined the Nkwazi team in 2016



Enock Mwata
GENERAL SERVICE ASSISTANT
Joined the Nkwazi team in 2008



GUIDELINES, TENURE & ELECTION PROCEDURES

GUIDELINES

A member offering himself/herself to serve on the Board of Directors in the Nkwazi Co-operative Savings and Credit Society Ltd:

- Must have been a member of the Co-operative for more than two (2) years;
- Must not be serving a membership suspension;
- Must not be bankrupt or an applicant for bankruptcy;
- Must be of sound mind;
- Must not be an employee of Nkwazi Co-operative Savings and Credit Society Ltd;
- Must not have been convicted in a court of Law for any dishonesty and is imprisoned for at least three (3) months or more;
- Must not be delinquent
- Anyone offering himself/herself for the position of Treasurer must have an accounting background;

Additionally, if elected as a Board member, one must be prepared to give generously of his/her time to attend board and committee meetings, and any other meetings/events of the Nkwazi Co-operative Savings and Credit Society Ltd.

Regular Board of Directors Meetings are held at least once a quarter.

Executive Board Members also attend at least one (1) Regular Meeting per month.

The Credit Committee Members are required to sign documents at least three times per week, every week of the year.

TENURE

Directors and Committee positions are elected for a term of three (3) and one (1) year in office respectively.

At each Annual General Meeting three (3) longest serving members must retire. The retiring Board members may be re-elected but shall not serve for more than six consecutive years without stepping down for at least one year.

The following Board of Directors will be retiring at the 23rd AGM:

1. Mr. Richard Musukuma
2. Ms. Gertrude Mwenya
3. Ms. Eda Lifuka
4. Ms. Ivy Nawa

Mr. Musukuma has served on the Board of Directors for 6 consecutive years and will not be eligible for re-election. Ms. Nawa is eligible for re-election but will not recontest for re-election at the 23rd Annual General Meeting.

ELECTION PROCEDURES

1. The election will be chaired by the Registrar of Co-operatives or Designate and will be assisted by 2 nominated persons from the general membership.
2. Nominations shall proceed in accordance with By-Law 9.02
3. Elections shall be conducted in two stages; First stage will be for the election of board of directors and second stage for the executive committee, from among the board of directors.
4. Members who registered to vote will be able to cast their electronic vote on the day of the AGM.

5. Nomination of persons to contest elections as Board members shall be done prior to the AGM.
6. Persons nominated will assemble before the audience when the Returning Officer, The Registrar of Co-operatives, calls their names. The nominees will be required to give a brief resume and manifesto.
7. A list of nominees will be read during the meeting.
8. There will be separate ballot boxes for the Board of Directors and Executive Positions.
9. The counting of ballots will be streamed live while the meeting is in progress. The results will be announced immediately on completion of the count.
10. The Returning Officer, Registrar of Co-operatives or Designate, will announce and declare the successful candidate for each position.



Your vote is important. It helps to select the board of directors who must take responsibility for ensuring the successful performance of Nkwazi Co-operative Savings and Credit Society Ltd.

The vision of the Co-operative is **“To be a leading, preferred and reputable credit union”**. As such, it is your responsibility to elect members who are committed, willing, and able to volunteer their services to the Co-operative.

MEETING HELD ON SATURDAY, 20TH NOVEMBER, 2020

1. Opening remarks by the Chairperson.

The Chairperson, Mr. Richard Musukuma called the 22nd Annual General Meeting to order at 09:48 hours. The recording secretary was Ms. Mweene Kasongo.

2. Reading and adoption of the proposed Agenda.

Ms. Kamiji Mulyata led the deliberations of the meeting and proposed adoption of the Agenda with the inclusion of discussion on the selection of a Board Treasurer following the end of the tenure of the existing Treasurer, Mr. Thomas Mupashi. This was seconded by Mr. Mundia Matongo and Mr. Ferzio Mampwe.

3. Remarks by the Registrar of Co-operative Societies.

Mr. Justin Mwansa thanked the Co-operative for hosting the first ever virtual Annual General Meeting as Co-operatives try to meet their obligations to members whilst adhering to the guidelines on gatherings.

He then updated the membership on the process of revising the Co-operative Societies Act, Mr. Mwansa mentioned that the Ministry of Justice had reviewed and concluded the legal draft which was sent back to the ministry, after further review, the document was resubmitted to the Ministry of Justice. Once the final document was received an invitation would be sent out by the Ministry of Commerce, Trade and Industry to stakeholders for further scrutiny.

4. Reading and approval of prior AGM minutes.

The minutes of the meeting held on the 6th of April, 2018 were reviewed and proposed for adoption as a true reflection of the events by Ms. Mulyata and seconded by Mr. Tom Sakala and Ms. Getrude Mwenya.

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

The Chairperson recognised the presence of the guest of honour, the Registrar of Co-operative Societies, Mr. Justin Mwansa. The following were the salient points of the presentation:

5.1. Key achievements.

- The Co-operative maintained a net profit of K5.6 million for another consecutive year.
- 29% Growth in interest and dividends paid out
- Doubled investments in fixed deposit from K 3 million to K 6 million.
- Developed a risk management strategy as part of prudent financial management practice.
- Responded to energy crisis by introduction of Energy Relief loan.
- Completed the expansion of the Secretariat building as part of the plans to increase staffing levels.

5.2. Challenges

- Increased cost of doing business of 14 percent in 2019.
- Reducing purchasing power of savings.
- Increase in number of Agencies with short term funding and employment contracts.
- Potential changes in legal framework that will create various licensing fees.
- Increase in potential non-payroll-based members.

6. To receive and consider the Treasurer's and Auditors Reports for the financial year ended 31st December, 2019.

The Treasurer, Mr. Mupashi started his presentation with a summary of the Nkwazi's financial performance followed by a review of the Audited financials.

6.1. Key achievements.

- Increase in Net Profits by 4.7 percent to K5,944,440.00.
- Payment of interim and final dividends with an overall increase of 22.5 percent in dividend payment from 2018
- Increase in income both from interest on savings and investments by 7% at K7,931,470.00
- Diverse investment portfolio through investments in Government Bonds and Treasury Bills.
- Received an unqualified report from the Auditors, D&G Management Consultants.

6.2. Challenges and opportunities.

- The recovery of non-performing loans continued to be a challenge for the Co-operative.
- The Board was considering investment in Accounting Software this would be concluded in the coming year.
- Increased the number of Accounting staff from one to two, to allow the Board to delegate more responsibilities to the Secretariat.
- The Co-operative was seeking opportunities to diversify and reinvest profits into other ventures to increase earnings above the loan interest rate.

In his closing remarks the Treasurer thanked staff and the Board and the general membership for the support during his three-year tenure, and hoped the Co-operative would continue to grow to greater heights.

7. Adoption of the Reports.

7.1. Credit Committee Report.

The report was presented by the Head of the Credit Committee, Ms. Eda Lifuka, the salient points were:

- Introduced a new loan product, the Energy Relief Loan to solve escalating electricity challenges and a total of K790,860.00 was raised.
- Increased net payments on loans by 28% at K38 million.
- Increased number of withdrawals at K1.4million due to the closure of projects and the need for access to funds by affected members.
- Introduced additional loan procedures to enforce the need for collateral on loans obtained by members that do not belong to a member organisation.
- The value of bad debts as of March 2019 was K434,205.00 due to closure of projects, with the efforts of a new debt collector it was expected that this would reduce the total amount.

7.2. Education Committee Report.

The report of the Credit Committee was presented by Dr. Mathew Saili, the salient points were:

- The Co-operative held a workshop on Will and Deeds useful to allow members to plan for their estate in the event of death.
- Board members were provided with training on Governance to ensure all board members were equipped to uphold high ethical standards.
- The Committee received feedback from members through a survey which will guide policy, product and service delivery.

- Two newsletters were circulated and kept members informed on new loan products.
- The Co-operative recorded a reduction in membership by 92 members due to the closure of projects and inability of affected members to continue saving, marketing strategies would be stepped up in the coming year.

In concluding Dr. Saili thanked the Co-operative for the opportunity to serve for a period of six years and wished the Co-operative success in future endeavours

Question from members on the presented reports.

a. Extension of the loan tenures and introduction of new product offerings.

The Board advised that this considered but after analysis it was found this would increase the default rate given that most members contracts are annual contracts.

b. Loan Insurance and lending to institutional members.

A proposal was made by the Board in 2016 for members to pay a nominal fee of 1 percent of the value of the loan as insurance, due to the low uptake by members this product was closed. The Constitution of the Co-operative does not provide for the Co-operative to lend money to institutions but to individual members, which is along the guidelines in the Co-operative Act.

c. Value of investments and the security provided from Government Bonds.

The value of investments as of December 2019 was K1.5 million in Treasury bills and K11 million in Government bonds. The Board stated that due diligence was conducted before investing, and the decision was made to invest directly with the Bank of Zambia for a higher return and there had never been an incidence of the Government of Zambia defaulting on payment of bonds upon maturity.

d. Software purchase and self-service portal for members.

As indicated at the last AGM the Co-operative was in the process of purchasing software and part of the features required in the update was the ability for members to access their accounts.

e. Opportunities for members to make investments in Forex

The Board was considerate of the depreciation of the currency, and had placed \$1.5 US Dollars in to safe-guard against the fluctuation of the local currency. There were no immediate plans to provide members with access to investments in forex, but would continue to grow members' funds through diversified investment portfolio.

f. Reasons for decrease in the membership of the Co-operative and plans by the Board to ensure the membership is sustained.

The main reasons were the loss of formal employment due to closure and downsizing of projects due in part to changes in funding requirements. The Board had plans to increase marketing activities in the coming year.

g. Status of the outstanding debt of K434,205.00

The Co-operative had recruited a new debt collection Agency, with the agreement that the defaulting members would pay all fees required as part of the recovery process, there had not been any recoveries as yet, but frequent updates were being provided.

h. Consideration of gratuity due to members when determining loan eligibility.

The Board clarified that a lot of the debts accumulated were due to Agencies not communicating and remitting funds to the Co-operative when employment contracts ended. Members were reminded that the purpose of gratuity was also to safeguard members interests in the event that employment was terminated by either party before the end of the contract period.

i. Anticipated defaults in view of the Embassy paying annual leave which acts as surety.

With members who are also employees of the US Government being paid leave days, this changed their capital build up and the Board would consider the anticipated impact on credit risk, and if the risk was higher than anticipated before making revisions to the Loan policy.

With no other questions the reports were proposed for adoption by Ms. Mulyata, seconded by Mr. Hartley Khondiwa and Ms. Emeldah Mbobela.

8. Appointment of Auditors for the year to 31st December, 2020.

The Chairperson proposed a motion to ratify the Board motion to adopt D&G as auditors FY 2020, this was unanimously adopted by the general membership.

9. Appointment of Board Treasurer.

The Chairperson informed the meeting that out of the nine Directors, two Directors tenures had come to an end in March 2021; namely Dr. Mathew Saili and Mr. Thomas Mupashi, who had served six and three years respectively, but continued as Board Members through permission of the Registrar of Co-operatives due to the postponement of the AGM as a result of COVID 19. The proposal before the meeting was for the board to continue as a team of seven until the next elective AGM, with Mr Danny Sikazwe from the Credit Committee as Treasurer. The proposal was passed by the majority of members.

10. Any other business.

With no other matters arising the 22nd Annual General Meeting was closed at 12:07 hours.

CHAIRMAN'S REPORT



Ladies and Gentlemen:

Special recognition to the Registrar of Co-operatives Mr Justin Mwansa, Fellow Directors, Past Board Members, Society Manager and Nkwazi Staff, distinguished guests and last but not the least the general membership of Nkwazi Coop. It is my great pleasure and honor to welcome you all to the 23rd Annual General Meeting of Nkwazi Cooperative Savings and Credit Society Ltd.

2020 Financial Year Review

As one may call it the year of humility, 2020 was challenging owing to the unprecedented effects of the Novel Corona Virus which caused global economies to shrink by around -4.9% as a result of interrupted economic activities, exacerbated by imposed lockdown measures which many countries adopted. As a counter measure to wear off COVID 19 adverse impact on people's lives, many Governments opted to offer stimulus packages as an attempt to resuscitate economies, however efforts of which could not be prolonged due to its downside of increasing debt to GDP and inflationary pressure.

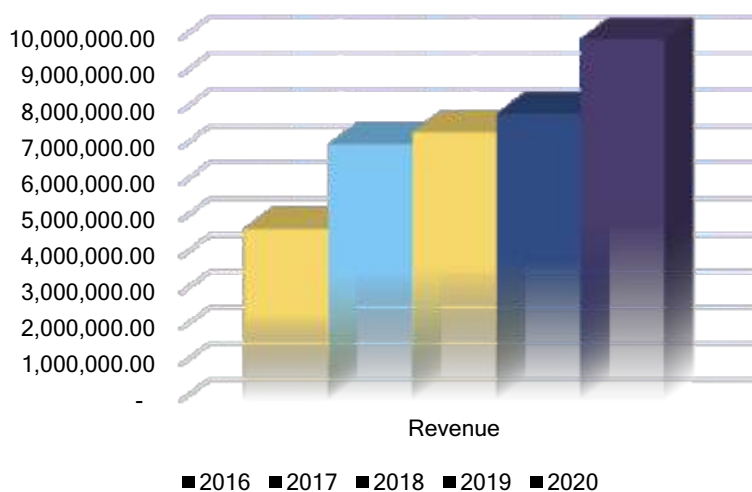
Local Economy

Zambian economy remained under pressure due to loss in value of kwacha against major currencies, power deficits and heightened fiscal pressures as financing gap widened. Government Spending was not spared amidst declining domestic revenue due to persistent adverse effects of COVID -19 pandemic. Uncertainties regarding the unfolding of the Novel corona virus pandemic, debt restructuring including securing debt bailout by IMF will continue to exert pressure on fiscal position.

Annual overall inflation accelerated to a four-year high in the fourth quarter of 2020. This was largely driven by the sustained depreciation of the kwacha, reduced seasonal supply of vegetables and the fish ban. Inflation rose to a quarterly average of 17.6% from 15.7% in the preceding quarter. Overall inflation closed the year at 19.20% as at December 2020.

To moderate risks to financial stability and support growth, lives and livelihoods the Monetary Policy Committee lowered its Monetary Policy Rate by 225 basis points from 10.25% to 8%, this led to general reduction in interest rates influenced by the accommodative monetary policy stance. Commercial Banks average lending rates declined to 25.1% in December from 25.7% in September. 180 days Savings rates also reduced to 9.8% from 10.3%.

NKWAZI COOP HISTORIC REVENUE



Financial Performance

It brings delight to communicate to our stakeholders, that over the years our cooperative has shown positive growth trajectory. On average our yearly revenue has been achieved above ZMW7 Million for the past four years.

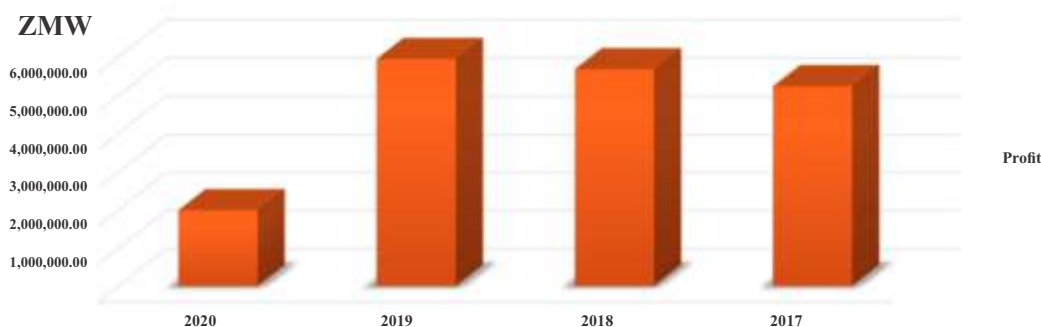
2020 was quite an exceptional year owing to the fact that despite the impact of COVID-19 which negatively impacted many organizations including SACCOs, Nkwazi Cooperative still continued the positive run it has maintained over the past years recording a 26% Revenue Growth, far above the preceding years Revenue Growth of 7%. For such a positive outcome I salute the Directors, Management, staff and members in general for this tremendous

performance for without their efforts and support this would not have been possible.

The co-operative has also continued to grow gradually recording an increase in fund size of 15%, however it is worth noting that the growth was slightly crippled owing to an increase in Interest payment to the members, a K5.4 Million was paid for the year 2020 compared to K3.4 Million paid in 2019. The increased interest payment was as a result of directors' discretion induced by the COVID-19 pandemic which not only claimed many lives but also left some of our fellow members out of employment as many projects came to a halt. As a way of fulfilling our Cooperative mandate, a patronage bonus in addition to Interest and dividends was declared and paid, further to this 10 percent interest loan was offered to the members tamed Energy Relief Loan.

During the period under review the cooperative recorded a profit reduction of 67%, the reported drastic fall is as result of a change in accounting policy to recognize interest paid to members as a cost and not as dividends. This treatment realigns the cooperative financial reporting to acceptable global practice and addresses the risk of distributing members funds at the expense of real future growth, because of this action directors will now have a true performance reflection before interest or dividend is declared.

NKWAZI Coop Historic Profit



Suffice to mention that despite the suppressed economic environment and the hardship this pandemic has brought, the Board and management remains committed to looking at various options beyond which revenue can be increased further and outside the traditional loan product offering.

We must cast our net wide as there are many investment opportunities to tap from. Credit to the current board and management once again for having already implementing these ideas and strategies. On an annual basis the income received from Loans grossed ZMW7.8 Million from total Assets Under management (AUM) of ZMW54.7 Million representing a yield of 15% while other financial investments generated income K1.9 Million yielding 19% annualized return from total assets under management of ZMW15.3 Million, this depicts that we achieved a better return from the financial investments compared to the loans products need to say this does not entail we drift away from our main line of business but to strike a balance capable of accelerating fund growth and in the medium to long term materialize benefit to the members.

2020 Financial Summary



Milestones and Challenges



The Above highlights some of the successes the corporative has achieved. Pari-passu challenges to be addressed, the completion of the expansion of the office was done in good time thereby enabling facilitation of additional staff members with a view of strengthening internal controls deficiencies. The implementation of a new loans and accounting modules will benefit the cooperative and position it to a competitive edge as our expectation is that the new system will improve on efficiency in the day-to-day operations and in the long run create a linkage for online customer experience.

As we soldier on and embrace the new system as well as changes at the secretariat, our goal is that we implement stringent controls aimed at mitigating credit risk and the risks associated with COVID-19 such as business continuity using ICT. It is saddening to report on the continued reduced membership subscription rate year on year. In order for the cooperative to grow we must emphasize on the need to on board new members and explore other strategies to have MOUs with NGOs.

2021 Outlook

As the waves of COVID-19 took different swings globally and locally so has the world economies tumbled, the unprecedented effects of COVID-19 is expected to hold grip on economic recoveries, however there is light at the end of the tunnel as we begin to see the roll out of vaccines globally. Global economy is projected with a strong rebound to 5.5% in 2021 rising from 3.5% contraction in 2020 which was on the back of lockdown measures to contain the COVID-19 Pandemic. This recovery will mainly trade on strong policy support and the gradual easing of restrictive measures owing to anticipated wide spread COVID-19 vaccination.

Zambian Inflation is projected to be outside the medium-term target range of 6-8%. Inflation stood at 19% as at 31 December 2020, we have seen it drift further away from the upper bound target range mainly due to increase in crude oil price, fiscal deficits and the weakening local currency. Efforts to curb inflation has not yet come into fruition hence anticipating a possible upward revision to MPC rate, this will cause a hike in interest rates. As a savings and credit cooperative these impacts will have a positive correlation in our performance and in keeping with these changes, we must evaluate our lending rates and consider other investable asset classes.

Stake Holder Responsibilities

Our responsibilities as a board are to ensure we pursue the Vision of Nkwazi Coop of being the “the premier Credit union in Zambia” with Foresight and Selfless. Members also have a responsibility to hold the leadership accountable; remaining engaged in the governance of the society and thoughtfully usher capable leadership who have credible knowledge and experience as we opt to grow the fund.

Conclusion

In closing, I wish to thank the members for having accorded me the opportunity to serve on the Board for the past six years. It has been a great and wonderful journey, as my tenure comes to an end and I step aside from directorship I give sincere gratitude to my fellow board directors, Nkwazi management and Staff and Nkwazi coop members for the tremendous support you have rendered, because of this support we have taken Nkwazi Coop to where it is now.

I wish the incoming board members future success and I am hopeful that the new board will bring to the table new ideas and strategies and link these to current plans. I believe the cooperative has the right resources capable of driving the vision and mission to greater heights.

With unity and purpose, together we can.

I thank you all.

TREASURER'S REPORT



Danny Sikazwe
Board Treasurer

Greetings to you all distinguished guests' ladies and gentlemen, allow me to take you through the Financial Performance of Nkwazi Cooperative for the year ended 31st December 2020.

Economic Commentaries

Global growth shrunk to about – 4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery projected to be more gradual than previously forecast.

In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s. As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic which is depended on the success of the vaccines.

Local economy closed the year depressed due to weakening Kwacha, electricity deficit and uphill Inflation. Fiscal pressure remained high as revenue fell due to COVID-19 shock amidst rising expenditure especially on agricultural inputs, health and debt servicing. The local currency shed off 50% against the green back closing the year at ZMW21.17 to \$1 USD, compared to 2019 when kwacha traded at ZMW14.05 to \$1 USD. The poor performance was at the back of increase in debt service levels, COVID-19 effects and suppressed fiscal policy. Zambia's foreign reserves declined to \$1.2 Million from \$1.4 Million as December 2019 representing less than 2 Months import cover. Overall inflation soar to 19.20% from 11.70% mainly due to the highlighted foregoing further the monetary policy rate was reduced from 11.25% to 8% as a form of stimulus to absorb the effects of COVID – 19 on economy.

Credit Conditions

Credit conditions remained tight for households, SMEs and large corporations in the fourth quarter of 2020. This largely reflected tighter lending criteria occasioned by weak economic conditions as the adverse effects of the COVID-19 pandemic raged on. Demand for car loans declined for the eighth successive quarter as the Kwacha maintained a depreciating trend and pushed up prices of imported motor vehicles. In addition, demand for mortgage loans fell on the back of high property and building materials prices amidst falling incomes partly caused by the COVID-19 pandemic.

By and large, demand for long term financing was reported to have deteriorated largely attributed to uncertainty and weak business activity that led to postponements of major capital plans. To sustain their business operations, both SMEs and large corporations increased demand for working capital. In addition, demand for personal loans to meet tuition fees and related educational expenses rose as schools re-opened following the relaxation of COVID-19 restrictions.

Nkwazi Performance Report

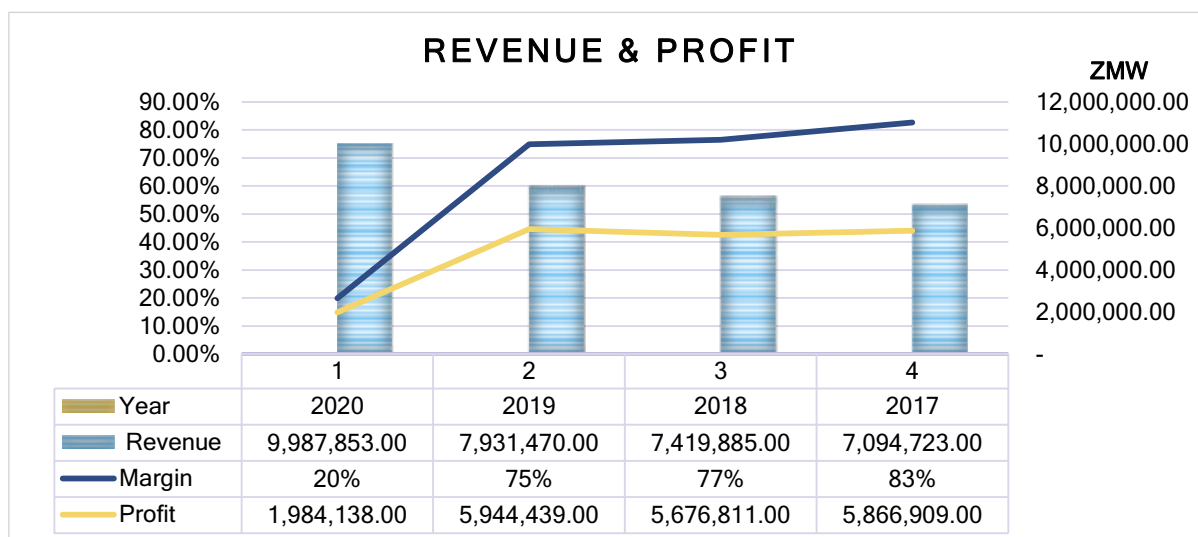


Figure 1: Revenue and Profit FY 2017 to 2020

During the year 2020 Nkwazi recorded an increase in revenue of 26% compared to 7% recorded in 2019, the increase was at the back of diversified investments including investments in Government Securities and Fixed term deposits. The bottom-line profit reduced by 67% compared to 6% Increase in 2019, the fall in profits was as a result of change in accounting principle, previously the cooperative would treat interest on savings as a form of profit distribution. The downside of this approach is that it did not reflect actual performance of the cooperative resulting to overstated results. Nkwazi coop would have achieved a 89% profit increase by applying the new treatment retrospectively to 2019 FY. This shows that the cooperative performed well compared to the prior year which recorded 6% profit increase.

A declining profit margin shows that there has been an increase in costs, administration expenses went up by 33% compared to prior year 19%. However, the main driver of the increase was attributable to interest on savings, the cooperative paid interest on savings of ZMW5.4 Million compared to ZMW3.4 Million in 2019 FY representing an increase of 59%.

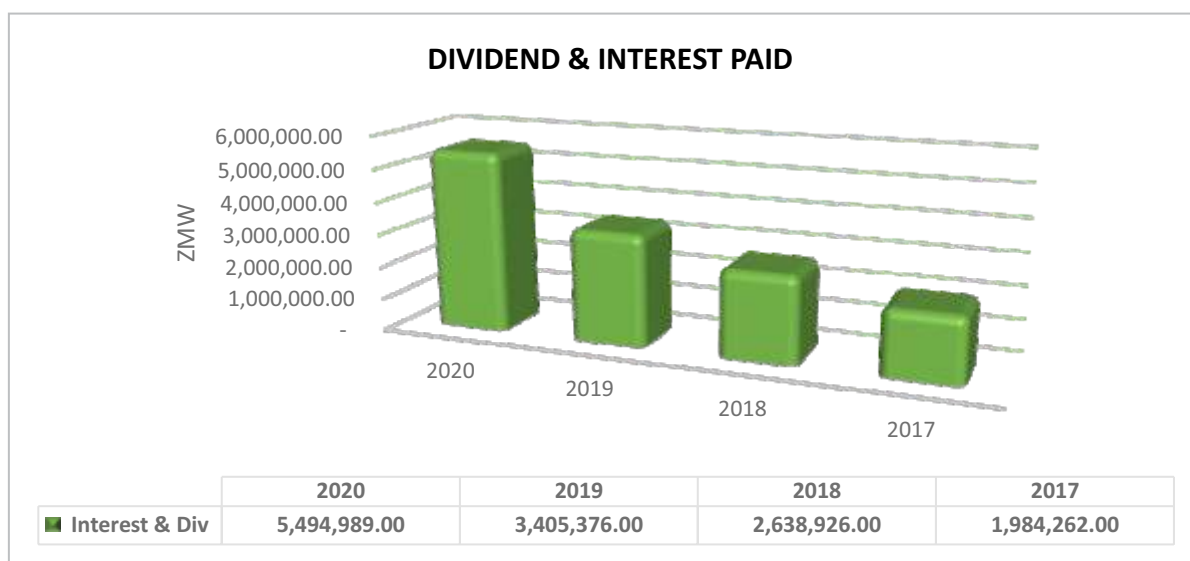


Figure 2: Dividends and Interest paid from 2017 to 2020.

Total income of the cooperative is made up different streams such as loan products offered namely, Provident, Commodity, Education, Emergency and Energy relief. During the year under review, we realized a substantial income from financial investments namely; Government Bonds, Treasury Bills, Fixed Deposits and Collective

Investment Schemes. However, it is worth noting that a bigger portion of Nkwazi's assets is in the cooperative main business line (loans) representing 69% of total assets.

Below is a representation of the asset weighting.

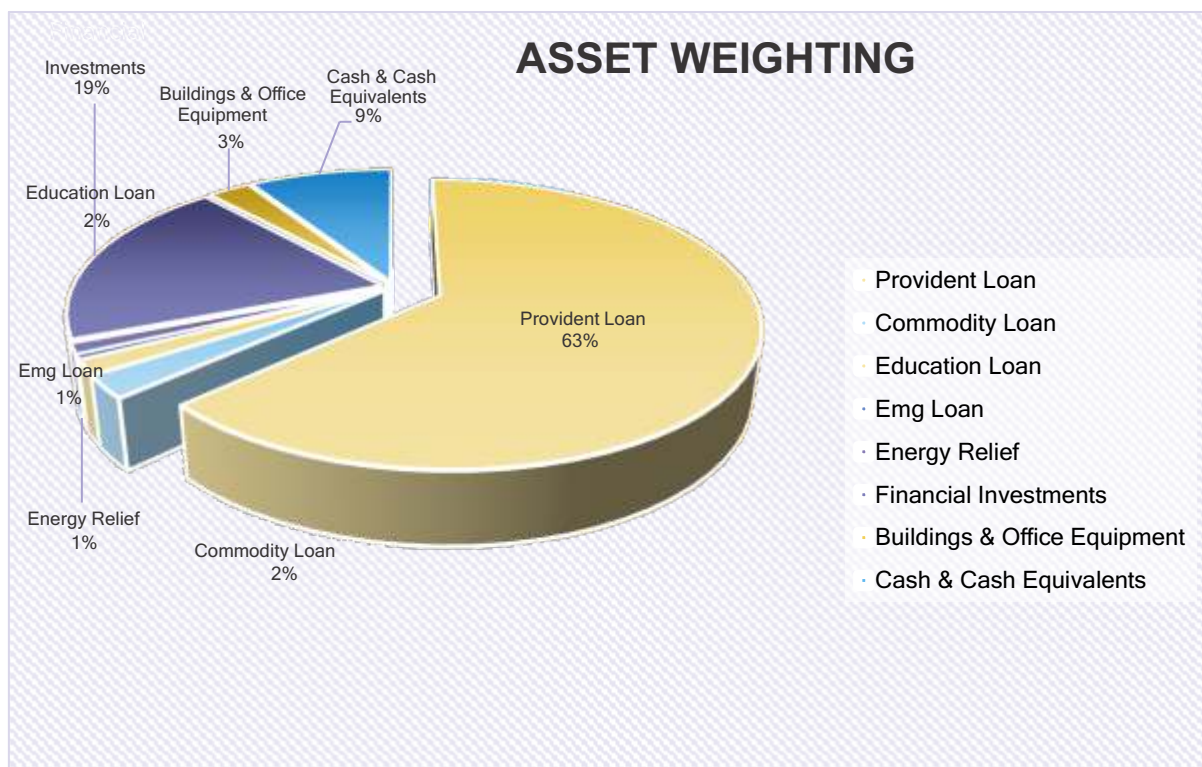


Figure 3: Asset weighting

From the total revenue generated of ZMW9.9 Million 70% accounted for Loans while 21% accounted for Financial Investments and 9% accounted for Processing fees. Reporting on the annual returns, during the year under review financial investments offered a higher yield compared to other asset classes this was mainly due to our loans capped at 15% loan interest rate for a period 0-2 years while financial investments offer yields above 17% depending on prevailing interest rates and investment tenor. Below is a summary of Asset Class Performance.

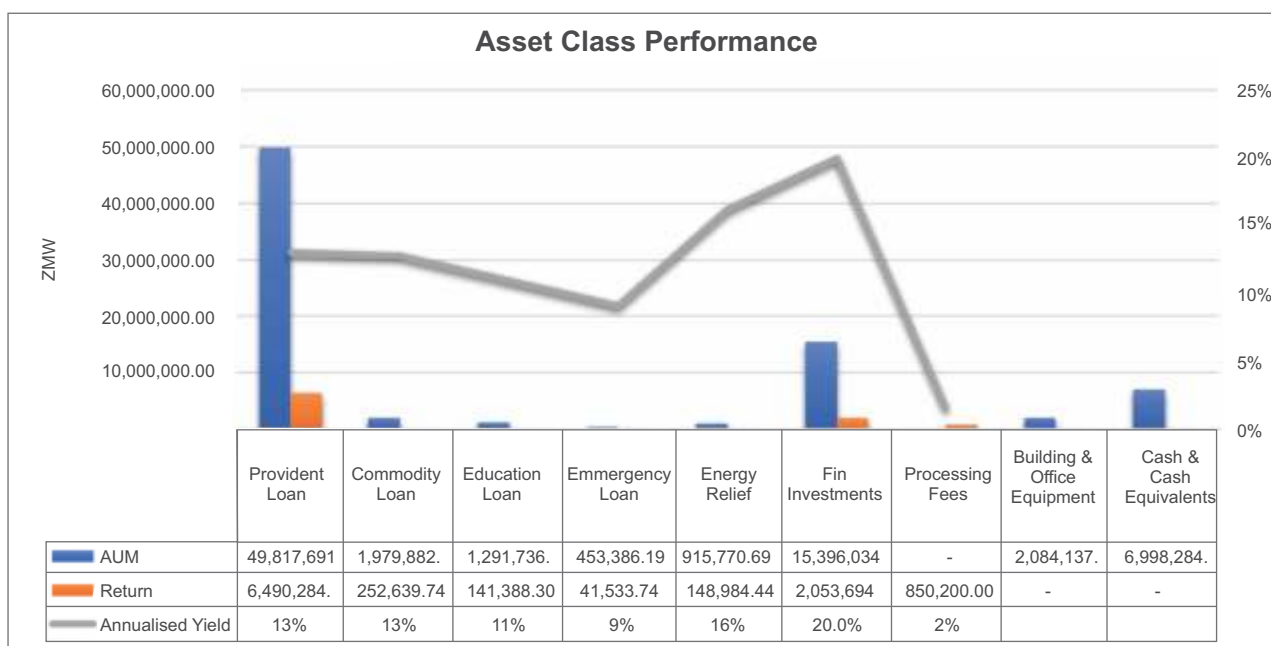


Figure 4: Asset Class Performance

The Cooperative fund size has continued to grow gradually year on year, comprised of two components namely growth in revenue and members contributions, our total assets grew by 14% marginally detouring by 6% from the prior year growth of 20%, the fall was due to increased Interest and dividend paid during the year. Our receivables shows that Provident Loans grew by 3%, Commodity Loans 10% energy Relief 16%, Financial investments 157% and Properties & Office Equipment at 15%, while noticeable declines in Education Loan and Emergency Loan recorded -21% and -14% respectively. Our liabilities grew in proportion to the increase in member contributions. During the year 2020 members savings increased by 18% compared to 16% in the prior year 2019.

Conclusion of Treasurers report

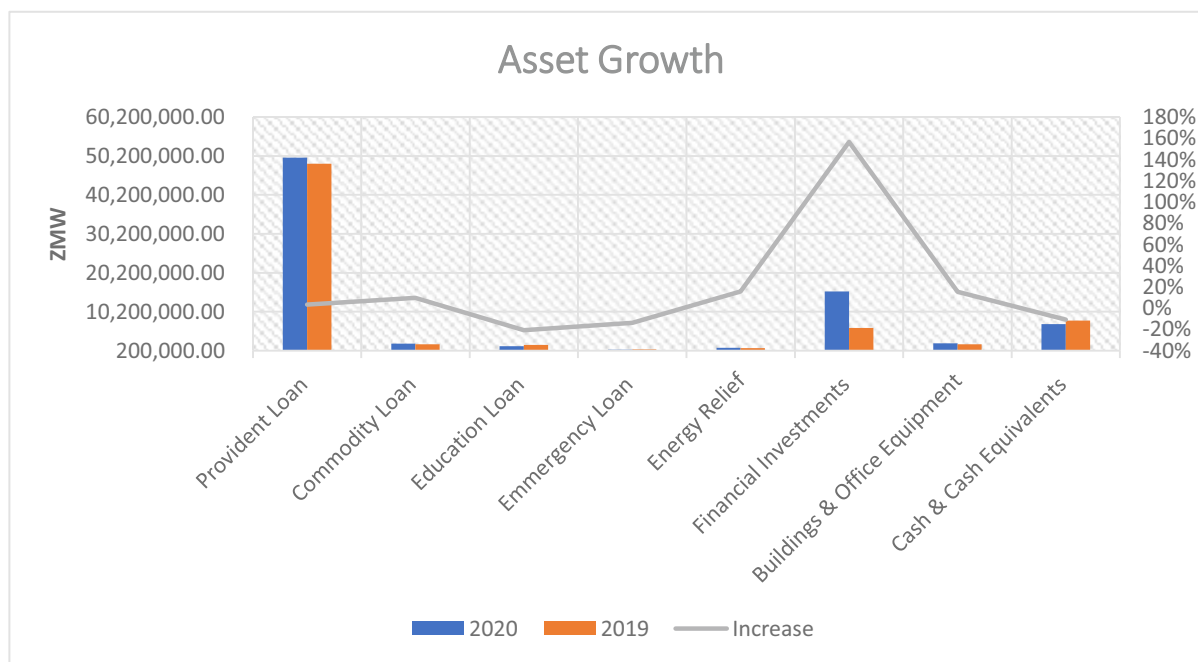


Chart 5: Asset growth

Despite the global economic turmoil, a positive outlook is still visible with global GDP projected to recover to 5.5%. Locally this will hold true especially after the upcoming general elections as then it will be clearer regarding debt restructuring and the verdict on the IMF bailout. It is also projected that we may be heading to a bumper harvest after a good rain fall recorded in 2020, this will be vital in cushioning commodity prices and curb the rising inflation rate.

The recovery of Dr Copper will strongly support Africa's second largest producer as it accounts for more than 70% of its foreign reserves. A price above \$8,500.00/metric ton and national output levels above 900,000 tons is good hope for Zambia. The rollout of the COVID-19 vaccines will be pivotal for economy resuscitation both globally and locally as movement restrictions begin to ease.

At Nkwazi we are paced for yet another strong performance going into to 2021 as our current strategies are delivering results. Creating a balance between our loan product offering and Financial investments will be paramount in ensuring that we continue to deliver good performance. The acquisition of a modern loans and accounting package is an icing on the cake as we opt to enhance customer experience and offer to deliver better turnaround in the way we do business.

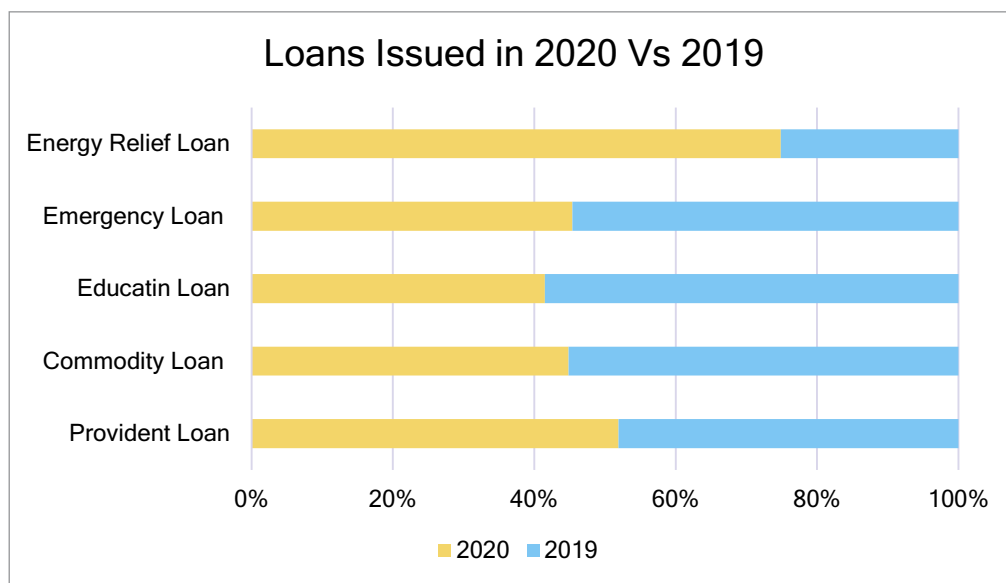
CREDIT COMMITTEE 2020 ANNUAL REPORT

This report is based on the activities for the year undertaken by the Credit Committee on behalf of Nkwazi Cooperative Savings and Credit Society Limited. The Credit Committee normally comprises three board members and is responsible for ensuring that loans and withdrawals are processed, approved, disbursed and recovered in a timely manner. The Committee is led by Eda M Lifuka and has two other Board of Directors: Kamiji Mulyata and Danny Sikazwe. However, later in the year the credit committee was reduced to two members as Director Danny Sikazwe had to resume the role of Treasurer for the cooperative after the incumbent Treasurer retired.

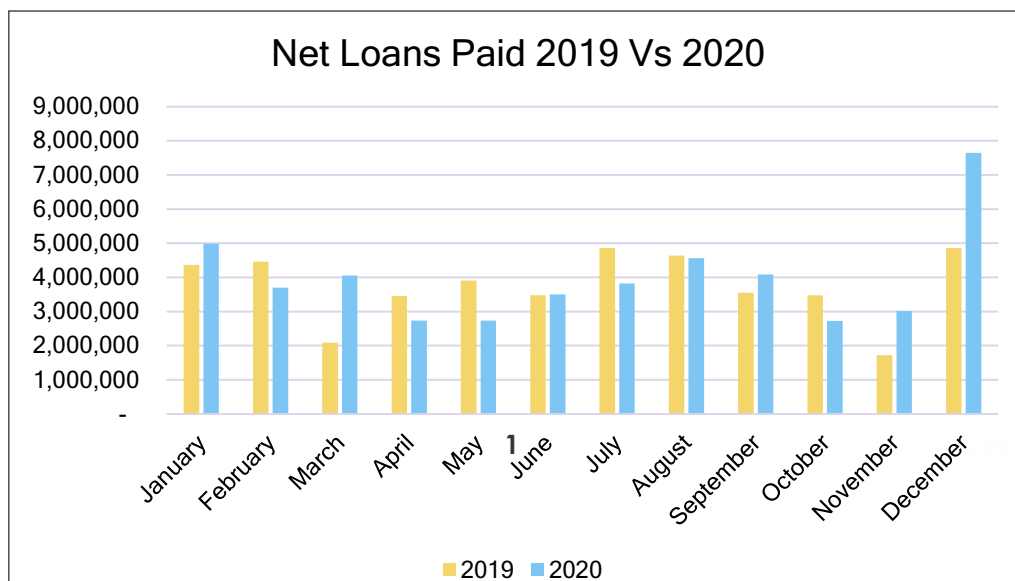
Loans obtained through the cooperative have continued to provide relief for its members and allow them to invest in various activities. The board continues to be alert and responsive to the needs of its members especially during the COVID pandemic as regular work and assignments were affected adversely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

Net Payments of Loans and Withdraws 2020 and 2019

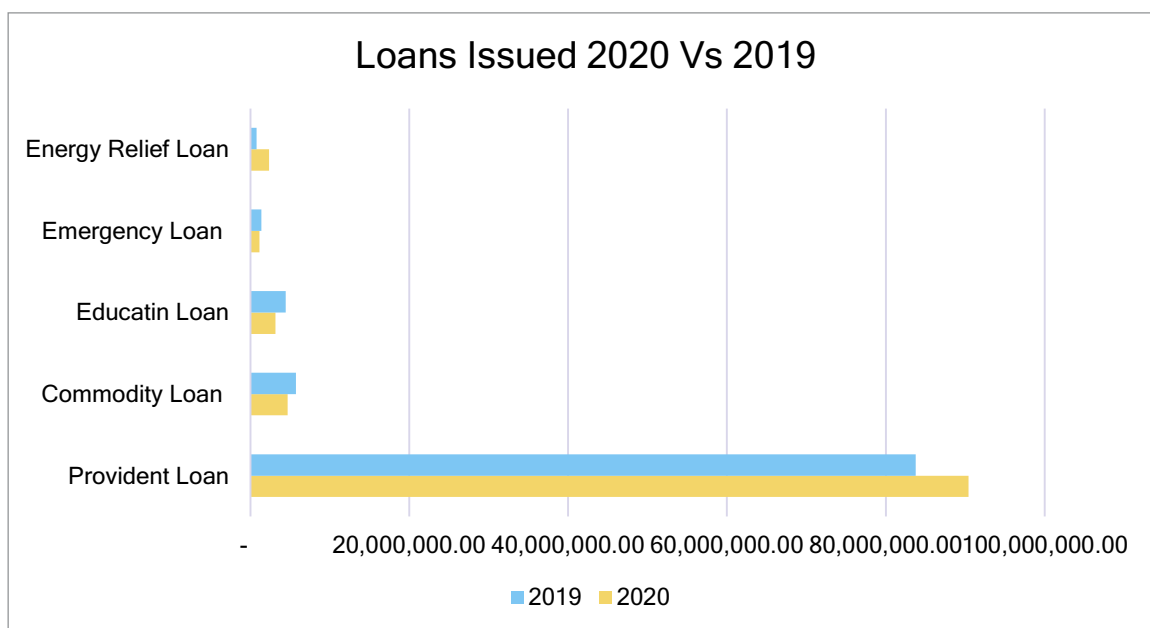
During 2020, Nkwazi issued a total of K101,768,770 in loans, compared to K96, 213, 861 in 2019 representing a 5.8% rise (this has been the lowest percentage increase for a number of years) with 1,150 loans applied for in 2020 versus 1,273 loans in 2019. Despite the drop in the number of loans issued; a higher value was issued. All loan categories reduced from 2019 to 2020 except for the provident loan which increased.



The Net loans in 2020 increased by 6% from approximately K44, 862, 083 in 2019 to K47, 583, 022 in 2020, showing a slight increase in the loan book of our cooperative. The Cooperative recorded a decline in the value of all loans except for the provident loan; as members are opted to take the provident loan to invest in possibly more long-term projects.



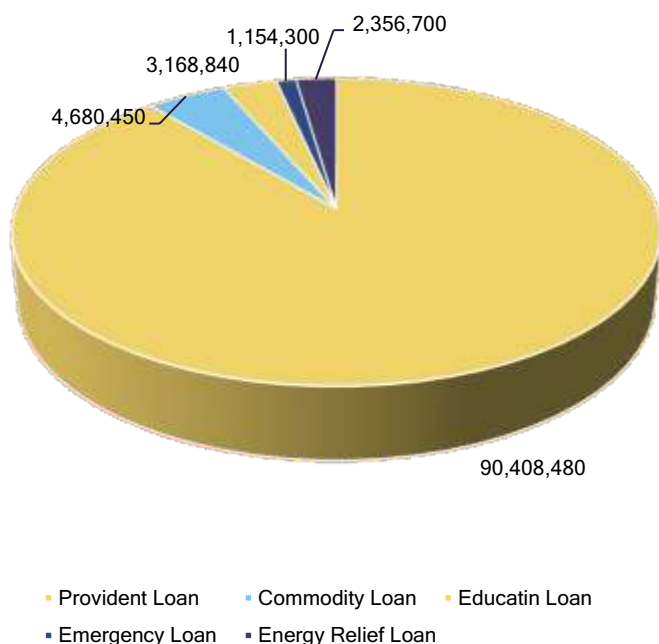
It is worth noting that there was a significant increase in funds withdrawals which has increased from K1,481, 000 to K1, 519, 000 from 2019 to 2020 respectively. This could be attributed to closure of USG funded projects and the urgent need for cash by the members due to the turbulent economy. 60% of the withdrawals resulted in ultimate closures of 37 accounts and a total of K90 million was paid out



Total Loan Applications by Category for the year 2020

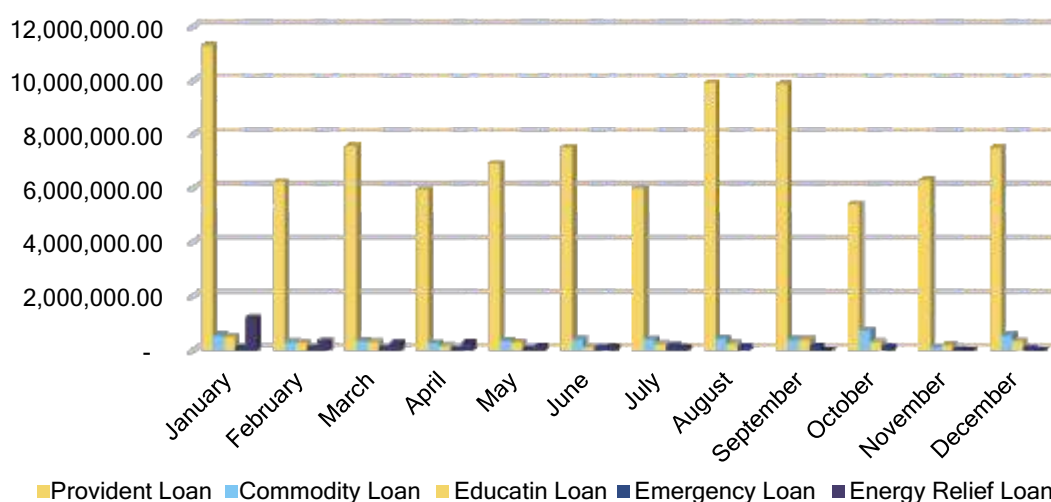
Based on the analysis below, the majority of loans are provident loans and the least being the Emergency Loan. The Smart Device Loan was discontinued in 2020 and the Energy Relief Loan was discontinued in July 2020 despite being 3% of the loan portfolio. The Energy Relief loan was a one-time application and not recurring.

LOANS ISSUED IN 2020



The Cooperative experienced a surge in total loans disbursed in the months of January, August and September possibly due to the holiday season and the transition into school calendar. It is also interesting to note that we received an increase for Education and Emergency loans in the same months and this is attributed to members who are applying for funds to cover expenses for schools that open in September. Hence this is a marketing opportunity for loans to our members in future when schools are about to open. Below is a brief summary of loans disbursed from January to December 2019.

2020 LOANS ISSUED BY MONTH



Loan Type % ■ Provident 89% ■ Commodity 5% ■ Education 3% ■ Emergency 1% ■ Energy Relief 2%

Outstanding Loans and Defaulters

As at 01 January 2020, the outstanding debts stand at K434,205 of which K98,338.78 was paid however K345,972.78 more loans were in default bringing the total to K681, 839. The board and the co-operative staff continue to put in proactive measures to mitigate this which includes an accurate assessment collateral offered up by professional companies as well ensuring collateral is signed off to The Cooperative. Another critical step taken by the board is to strengthen the loan policy to mitigate borrowing and protect member savings. These measures continue to evolve to accommodate the varying situations and to avoid cutting off members with the best of intentions with regards to meeting their loan obligations.

Debt Management and Loan Security

As mentioned in previous reports, the cooperative has experienced quite a few organisations exiting leaving the members that have joined with no MOU to support loans obtained. This has increased risk and exposure to the cooperative and there is increased dependence on member's honesty and integrity to honour their loans. This has made it necessary for the board to revise the loan policy to address the cooperatives vulnerability but to strike a balance in order to meet the member needs. Additional loan procedures have been put in place to enforce the need for collateral to support the loan obtained by members that do not belong to an organisation. Further considerations are being looked at to ensure all loans are adequately covered regardless of the member category

Conclusion

The year 2020 was quite a challenging year for business and social economic activities to the members of Nkwazi and the country as a whole as the global pandemic threatened to not only shot down activities but the lock down presented further challenges to people trying to make ends meet.

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

Loan processing was transitioned to 100% processing to ensure safety of the Board, cooperative staff and the members as well. These practices being permanently instituted as part of the new normal due to COVID.

Despite the current downtown in the economic situation brought about by COVID and the poor performance of the Kwacha against other currencies; 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 typically comprised of three Board members, however, due to the postponement of the elective AGM due to the COVID 19, the Committee had two members: Getrude Mwenya Vice chairperson and Director Ivy Nawa. The committee is responsible for publicity, education and training programs including recruitment of new organisations and members.

Membership Statistics

In the period under review, the Committee focused on existing Agency recruitment, as a number of targeted Agencies closed and downsized operations due to the effects of the COVID-19 pandemic.. The Co-operative has recorded an increase in the total number of members with total membership at 729, an increase of 7% compared to 2019



ACTIVITIES PLANNED AND ACHIEVEMENTS

ITEM	ACTIVITY	RESULTS
Newsletter	The Committee has continued to circulate updates to members through the Newsletter. Members are encouraged to submit their questions and suggestions on topics they would like to receive information on.	Two Newsletters circulated
Website updates	Updates are made to the website as changes occur. Members can access the loan calculator and keep informed on changes in the Co-operative.	Ongoing updates made to the website.
Training and skills development	The Committee did not conduct any training due to restrictions on gathering as a result of COVID 19. The Committee is considering holding virtual training sessions.	Training to be held in the coming year.

CONCLUSION

The Education Committee is pleased with the success achieved in increasing the total membership for the Co-operative as this results in increased capital for the Co-operative. The Committee kept members informed through the website and circulation of Newsletters.

In the coming year, the Committee aims to hold training activities for the general membership continue increasing the membership base and organise training for the incoming Board Members.

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2020.

1. Principal Activities

The principal activity of the Co-operative is the provision of loan and saving products to its members.

2. Results and Dividends

The profit for the year amounted to K1, 984,138 (2019: K5, 944,440). A dividend of K133,600 (2019: K3,405,376) has been declared by the Board.

The reason for the drastic fall in profit is as a result of change in Accounting policy to recognize interest expense which was previously being treated as part of dividends.

3. Directors

The Directors who held office during the year were:

Name	Position	Committee	Elected Date
Mr. Richard Musukuma	Chairperson	Executive Committee	March 2018
Ms. Getrude Mwenya	Vice-chairperson	Education Committee	March 2018
Mr. Danny Sikazwe	Treasurer	Executive Committee	March 2019
Mr. Ferzio Mampwe	Secretary	Executive Committee	March 2016
Ms. Eda Lifuka	Board Member	Credit Committee	March 2018
Ms. Kamiji Mulyata	Board Member	Credit Committee	March 2016
Ms. Ivy Nawa	Board Member	Education Committee	March 2018

In accordance with the By-laws of the Co-operative, four 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 Co-operative is owned by the employees of the United States Government, Agencies and projects based in Zambia. The share capital of the Co-operative is as shown below:

	2020	2019
Ordinary shares, each valued at K50 (2019: K13)	K7,219,104	K1,942,719

5. Capital Expenditure

Capital expenditure for the year amounted to K445,801 (2019: K162,089).

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

6. Employees

The average number of employees during the financial year under review was 6 (2019: 6). The total remuneration paid to the employees during the year was K61,303 (2019: K1,207,717).

7. Corporate Governance

The Co-operative 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 Co-operative is an ex-official of the Board. The roles of Chairperson of the Board and Manager are clearly defined.

The Board of Directors confirms that the Co-operative complied with all internal control requirements and practices as part of good corporate governance. They also confirm that the Co-operative 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 Co-operative'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 Co-operative Act of 1998.

The Board understands its role and relationship with the members of the Co-operative. 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 Co-operative.

8. Events after the reporting period

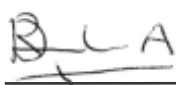
The Directors are not aware of any material matters or events which occurred between the accounting date and the date of this report which might influence an assessment of the Co-operative's financial position or the results of its operations.

9. Terms of appointment of the auditors

D & G Management Consultants were appointed as the cooperative's auditors. Included in profit for the year is the agreed auditors' remuneration of K35,000.

The financial statements set out on pages 9 to 30, which have been prepared on the going concern basis, were approved by the Board of Directors on 05th April, 2021 and were signed on its behalf by:

By order of the Board



Mr. Richard Musukuma
Chairman



Mr. Danny Sikazwe
Treasurer

INDEPENDENT AUDITOR'S REPORT

To the members 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 Co-operative Savings and Credit Society Limited set out on pages 10 to 30, which comprise the statement of financial position as at 31 December 2020, and the 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 Co-operative Savings and Credit Society Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Cooperative Act of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the cooperative or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional 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 cooperative'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 cooperative'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.

Report on other legal and regulatory requirements.

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



D & G Management Consultants

Nkhatya Mbewe

Partner

Practicing certificate: AUD/F004188

Date: 13/04/2021
Place: KUSATA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

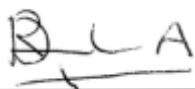
for year ended 31 December 2020

Figures in Zambian Kwacha	Notes	2020	2019
Interest Income		7,074,831	6,498,194
Other Income		2,913,022	1,433,275
Operating expenses		(2,642,326)	(1,987,030)
Operating profit		7,345,527	5,944,439
Interest costs	3	(5,361,389)	
Profit for the year		1,984,138	5,944,439
Other comprehensive income			
Total comprehensive income for the year		1,984,138	5,944,439
Profit Distribution is as follows:			
10% Reserve Funds		185,054	1,703,514
20% Investment Funds		370,108	
70% Member Equity Growth		1,295,377	835,549
Dividends		133,600	3,405,376
Total		1,984,138	5,944,439

STATEMENT OF FINANCIAL POSITION

	Notes	2020	2019
ASSETS			
Non - current assets			
Property, plant and equipment	4.	2,083,896	1,806,563
Government Securities- Govt Bonds	6.	11,327,822	
Investment in financial assets	7.	<u>20,000</u>	<u>20,000</u>
		<u>13,431,718</u>	<u>1,826,563</u>
Current assets			
Trade and other receivables	8.	55,278,566	58,011,417
Government Securities- Treasury Bills	6.	1,176,731	
Bank and cash	9.	<u>9,038,289</u>	<u>9,249,226</u>
		<u>65,493,586</u>	<u>67,260,643</u>
Total Assets		<u>78,925,304</u>	<u>69,087,206</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10.	7,219,104	1,942,719
Reserve Fund		<u>455,076</u>	<u>6,459,077</u>
		<u>9,162,955</u>	<u>6,815,242</u>
		<u>16,837,135</u>	<u>15,217,038</u>
Non-current liabilities			
Member's savings	12	59,411,319	50,251,309
Current liabilities			
Trade and other payables	13.	299,289	283,514
Dividends	14.	133,600	3,335,345
	15.	<u>2,243,961</u>	<u>2,676,850</u>
		<u>3,618,859</u>	
Total equity and liabilities		<u>78,925,304</u>	<u>69,087,206</u>

The financial statements on pages 9 to 30 were approved by the Board of Directors on 13/04/2021 and were signed on behalf by:



Mr. Richard Musukuma
Chairman



Mr. Danny Sikazwe
Treasurer

STATEMENT OF CHANGES IN EQUITY

Figures in Zambian Kwacha	Share Capital	Investment Funds	Equity sharing	Reserve Fund	Total Reserves	Retained Income	Total Equity
Balance as at 01 January 2019	1,883,206			4,755,563	4,755,563	5,979,693	12,618,462
Profit for the year						5,944,439	5,944,439
Other Comprehensive income				-	-	-	-
Total Comprehensive income for the year						5,944,439	5,944,439
Issue of shares	59,513						59,513
Transfer between reserves				1,703,514	1,703,514	-1,703,514	-
Dividends						-3,405,376	-3,405,376
Total contributions by and distributions to owners of company recognised directly in equity	59,513	0	0	1,703,514	1,703,514	-5,108,890	-3,345,863
Balance as at 01 January 2020	1,942,719	0	0	6,459,077	6,459,077	8,375,392	16,777,188
Profit for the year						1,984,138	1,984,138
Other Comprehensive income							-
Total Comprehensive income for the year						1,984,138	1,984,138
Share valuation	5,276,385			-5,409,400	-5,409,400		-133,015
Transfer between reserves		877,921	-1,657,576	185,054	-594,601	-1,062,975	-1,657,576
Dividends						-133,600	-133,600
Total contributions by and distributions to owners of company recognised directly in equity	5,276,385	877,921	-1,657,576	-5,224,346	-6,004,001	-1,196,575	-1,924,191
Balance as at 31 December 2020	7,219,104	877,921	-1,657,576	1,234,731	455,076	9,162,955	16,837,135
Notes	10			11			

Figures in Zambian Kwacha	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from (used in) operations	16	6,391,238	(2,301,503)
Interest costs		(5,361,389)	
Net cash from operating activities		1,029,849	2,301,503
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(445,801)	(162,089)
Purchase of Government Securities	6	(11,896,035)	
Net cash from investing activities		12,341,836	(162,089)
Cash flows from financing activities			
Revaluation of shares	10	5,276,385	59,513
Movement in members deposits			
Dividends paid		9,160,010	7,034,230
(Decrease)Increase in trade and other creditors		(3,335,345)	(1,485,440)
Net cash from financing activities		11,101,050	5,608,303.00
Total cash movement for the Year		(210,937)	3,144,711
Cash at the beginning of the Year		9,249,226	6,104,515
Total cash at end of the year	9	9,038,289	9,249,226

DETAILED INCOME STATEMENT

Figures in Zambian Kwacha	Notes	2020	2019
Interest Income			
Provident loan		6,490,285	6,022,056
Emergency loan		41,534	43,925
Commodity loan		252,640	250,667
Educational loan		141,388	181,546
Energy relief loan		148,984	
		7,074,831	6,498,194
Other operating income			
Interest on Fin Investments		1,698,891	523,622
Interest on bank accounts		885	805
Loan administration fees		240,400	270,000
Refinancing fees		596,200	614,750
Other income		254,202	
Income smart device		100,601	3,978
Fixed asset disposal		4,243	
Membership fees		13,600	15,400
Change in fair value		4,000	4,000
Other income			720
		2,913,022	1,433,275
Expenses		(2,642,326)	(1,987,030)
Operating profit		7,345,527	5,944,439
Interest costs	3	(5,361,389)	
Profit for the year		5,944,439	1,984,138

DETAILED INCOME STATEMENT

Other operating expenses	2020	2019
Audit fees	35,000	30,000
Bad debts	133,836	
Bank charges	43,057	23,715
Motor vehicle/genset fuel cost	17,675	13,860
Insurance	4,464	5,066
Office expenses	150,023	42,234
Depreciation	168,468	140,939
Salaries & wages	1,661,303	1,207,718
Repairs & maintenance	15,977	15,413
Security	88,749	79,692
Licenses	3,550	21,885
Electricity & water	14,044	10,402
Telephone	13,485	12,010
Motor vehicle expenses	5,856	10,312
Consultancy fees	53,838	55,950
Postal box rent	6,500	6,500
Board expenses	90,500	81,750
Annual General & committee meetings	81,128	184,634
Internet & communication expenses	54,873	44,950
	2,642,326	1,987,030

THREE YEAR FINANCIAL RECORDS

for the financial year ended 31 December 20021

STATEMENT OF COMPREHENSIVE INCOME	2020	2019	2018
Turnover	7,074,831	6,498,195	6,288,936
Other income	2,913,022	1,433,275	1,130,949
Total income	9,987,853	7,931,470	7,419,885
Depreciation	(168,468)	(140,939)	(90,809)
Operating expenses	(5,591,286)	(1,846,091)	(1,652,263)
Comprehensive income for the year	4,228,099	5,944,440	5,676,813
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets	7,767,807	1,826,563	1,805,413
Current assets	71,157,497	67,260,643	55,600,062
TOTAL ASSETS	78,925,304	69,087,206	57,405,475
CAPITAL & LIABILITIES			
Equity			
Share capital	7,219,104	1,942,719	1,883,206
Revenue reserve	9,162,956	6,815,243	5,979,693
Reserve fund	455,075	6,459,077	4,755,563
Total equity	16,837,135	15,217,039	12,618,462
Liabilities			
Current and non-current liabilities	62,088,169	53,870,169	44,787,015
TOTAL LIABILITIES	78,925,304	69,087,206	57,405,475
STATISTICS			
Earnings per Share K	29.28	39.78	39.33
Number of ordinary shares	144,382	149,440	144,862
Dividends per shares K	16.47	22.79	8.45
Dividends percentages of earnings	56%	57%	22%
No of loans issued	1,150	1,273	1,266
No of members at end of the year	729	684	776
Net Asset value per share K	116.62	101.83	87.11
Average savings per member K	81,497	73,467	55,690
Average loan value per member K	85,169	75,720	67,078

ATTENDANCE LIST OF THE 23RD ANNUAL GENERAL MEETING

DIRECTORS PRESENT

- | | |
|----------------------|------------------------|
| 1. Richard Musukuma | Board Chairperson |
| 2. Gertrude Mwenya | Board Vice Chairperson |
| 3. Thomas T. Mupashi | Board Treasurer |
| 4. Eda Lifuka | Board Member |
| 5. Mathew Saili | Board Member |
| 6. Kamiji Mulyata | Board Member |

DIRECTORS IN ATTENDANCE VIRTUALLY

- | | |
|---------------------|-----------------|
| 1. Ferzio C. Mampwe | Board Secretary |
|---------------------|-----------------|

STAFF PRESENT

- | | |
|-------------------|-----------------------|
| 1. Mweene Kasongo | Manager |
| 2. Timothy Ngoma | Senior Accountant |
| 3. David Mwamba | Senior Credit Officer |

INVITED GUESTS

- | | |
|---------------------|---------------------------------------|
| 1. Justin R. Mwansa | Registrar of Co-operative Societies |
| 2. Esther S. Liyani | Officer – Department of Co-operatives |
| 3. Kennedy Mbuzi | Officer – Department of Co-operatives |

MEMBERS PRESENT

- | | | |
|-------------------------|------------------------|-------------------------|
| 1. Enock Banda | 34. Malilwe Masole | 67. Maambo Mwamainda |
| 2. Nelson Banda | 35. Mundia Matongo | 68. Elvis Mwansa |
| 3. Charlene Bangwe | 36. Mecha Mbewe | 69. Amos Mwanza |
| 4. Belinda Chabala | 37. Emeldah Mbobela | 70. Brenda Mwanza |
| 5. Febby Chanda | 38. Vincent Moonze | 71. Naomi Mwanza |
| 6. Tapiwa Chenda | 39. Mutale Moyo | 72. Caroline Mwila |
| 7. Mubanga Chileshe | 40. Joseph Mpundu | 73. Luckson Nabulwe |
| 8. Chisenga Chilomo | 41. Justina Mthoniswa | 74. Jeannette Nanyangwe |
| 9. Claress Chilufya | 42. Joseph Mukomba | 75. Constance Ndhlovu |
| 10. Micheal Chinyama | 43. Mary Mukomba | 76. Gabriel Ngoma |
| 11. Helen Chirwa | 44. Joseph Mukopamali | 77. Harry Ngoma |
| 12. Chalwe Chisenga | 45. Jane Mukwaila | 78. Joseph Nikisi |
| 13. Cecilia Chitambala | 46. Mildred Muleba | 79. Anderson Nkamba |
| 14. David Chiwisa | 47. Chipili Mulemfwe | 80. Charity Nkula |
| 15. Aubrey Fumbeshi | 48. Justine Mulenga | 81. Dorothy Ntengerenji |
| 16. Mainza Handila | 49. Clive Mulumba | 82. Charles Nyanoka |
| 17. Brave Hanunka | 50. Geoffrey Munsongo | 83. Esther Pandawe |
| 18. Sheilah Ibrahim | 51. Mundi Mupeta | 84. Donald Phiri |
| 19. Lameck Kachali | 52. Maurice Mushabati | 85. James Phiri |
| 20. Maurice Kalizinje | 53. Catherine Mushauko | 86. Ndasokwa Phiri |
| 21. Jennipher Kalumbeta | 54. Chanda Musonda | 87. Nelson Phiri |
| 22. Cuthbert Kanene | 55. Dorothy Musonda | 88. Tom Sakala |
| 23. Ernest Kanganja | 56. Robert Musopelo | 89. Wilcliff Sakala |
| 24. Alfred Kapambwe | 57. Masuka Musumali | 90. Paul Shilika |
| 25. Joshua Kashitala | 58. Ernest Mutale | 91. Tamara Sichembe |
| 26. Kelvin Kayaya | 59. Jackline Mutamba | 92. Henry Sichinga |
| 27. Hartley Khondiwa | 60. Chibuna Muteto | 93. Sonia Simumba |
| 28. John Loongo | 61. Brian Muyunda | 94. Biko Soko |
| 29. Godfrey Lungu | 62. George Muyunda | 95. Judith Takawira |
| 30. Killion Lungu | 63. Kelvin Muyuni | 96. Catherine Tembo |
| 31. Alice Lungu | 64. Ethan Mvula | 97. Misheck Tembo |
| 32. Paul Malama | 65. Elias Mwale | 98. Rose Tembo |
| 33. Warren Malambo | 66. Margaret Mwanza | 99. Roselynn Zumani |

***WE REMEMBER OUR MEMBERS WHO
DEPARTED IN 2020, MAY THEIR SOUL REST
IN ETERNAL PEACE***



Charles Chunda



David Nyambe



NOTES



USAID
FROM THE AMERICAN PEOPLE



fhi360
THE SCIENCE OF IMPROVING LIVES



The Nature
Conservancy

