



**CARE COOPERATIVE SAVINGS  
AND CREDIT SOCIETY LIMITED**

# **ANNUAL REPORT 2017**



Bank of Zambia Governor's Award 2015  
**Best New Product**

# Imiti Ikula Account

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## OUR LOAN PRODUCTS



### Car Loan

Up to K80,000 at 1.25% interest rate, 25% upfront and balance repaid over 36 months. Member must have 10% in savings for loan amount applied.



### Building Loan

2.5 one's savings up to a maximum of K150,000 at 1.25% interest rate, repaid up to 36 months. Member must have 10% in savings for loan amount applied.



### Emergency Loan

Up to K10,000 at 1% interest rate, repaid in 3 months. Member must have 10% in savings for loan amount applied.



### Commodity Loan

Up to K100,000 at 2% interest rate, repaid 24 months. Member must have 10% in savings for loan amount applied.



### Education Loan

Up to K15,000 at 1.5% interest rate, repaid in 6 months. Member must have 10% in savings for loan amount applied.



### Premium Loan

Loan amount is twice one's savings, at 2% interest rate repaid over 18 months. Member must have 10% in savings for loan amount applied.





### Ordinary Loan

Loan amount is twice one's savings, at 1% interest rate repaid over 36 months. Member must have 10% in savings for loan amount applied.



### Family Holiday Loan

Up to K10,000 at 1.2% interest rate, repaid in 6 months. Member must have 10% in savings for loan amount applied.



### Rental Plus Loan

Twice one's basic pay at 1.5% interest rate, repaid in 8 months. Member must have 10% in savings for loan amount applied.



### Home Improvement Loan

Up to K10,000 at 1% interest rate, repaid over 6 months. Member must have 10% in savings for loan amount applied.



### Land Loan

Up to K120,000 less upfront payment from applicant at 1% interest rate, repaid over 36 months. Member must have 10% in savings for loan amount applied.



### Water Solution Loan

Up to K20,000 at 0% interest rate, repaid in 12 months. Member must have 10% in savings for loan amount applied.



### Vehicle Insurance Loan

Up to K6,000 at 1.25% interest rate, repaid over 12 months. Member must have 10% in savings for loan amount applied.

## 2017 HIGHLIGHTS



Total Assets K65,682,827 up by 34%



Loans Accessed K42,221,297, up 32%



Net Operating Profit K3.33million, up by 121%



Total Membership 2,747, up 29.8%

Total Member Organizations 63, up 10.5%

Dividend per Share K88.99, 91% up by 90.8%

Amount raised from Shares Offer K4,138,114

## BACKGROUND, VISION, OBJECTIVES, AUDITORS, BANKERS

### Background

Care Cooperative Savings and Credit Society Limited was established in 1995 under the guidance of the Ministry of Agriculture and Cooperatives. It started off as a small Cooperative through contributions from employees from Care International, with an initial membership of 50, and has now grown to over 2,000 members drawn from various non-governmental organizations (see page...) and general members who are former employees of member organizations.

### Vision

Care Cooperative Savings and Credit Society Limited's Vision is to provide affordable and flexible finance to enhance a member's standard of living in particular those in non-governmental organisations (NGOs).

### Mission

The Cooperative's main objective is to encourage Savings from its members and advance them with loans for development and any emergencies.

### Auditors

PKF Zambia  
Chartered Accountants  
Sable House, 11 Sable Road  
P.O. Box 31290  
LUSAKA, ZAMBIA

### Bankers

Barclays Bank (Z) Ltd  
Kafue House, Cairo Road  
P.O. Box 31936  
LUSAKA, ZAMBIA

Standard Chartered Bank  
Lusaka Main Branch, Cairo Road  
P.O. Box 31934  
LUSAKA, ZAMBIA

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting (AGM) of the members of the Care Cooperative Savings and Credit Society Ltd in respect of the year ended 31<sup>st</sup> December 2017 will be held on 12<sup>th</sup> May 2018 at the Cresta Golfview Hotel, in Lusaka at 08:30 hours to transact the following business:

- 1) Welcome Remarks
- 2) Minute of Silence for departed Members and Opening Prayer
- 3) Adoption of Agenda
- 4) Review, Correction and Adoption of 2016 AGM Minutes
- 5) Board Chairperson's Speech
- 6) Speech by Guest of Honour – Ministry of Commerce, Trade and Industry
- 7) Presentation of Awards
- 8) Auditors' Opinion on 2017 audited financial statements
- 9) Presentation and Adoption of 2017 audited financial statements
- 10) Declaration of Dividend and Interest
- 11) Supervisory Committee's Report
- 12) Care Coop Shares Disposal Policy
- 13) Care Coop By-Laws' Revision
- 14) Presentation of Answers to pre-sent Questions
- 15) Elections of Board Members
- 16) Closing Remarks, Prayer and Lunch

Issued by Order of the Board on 13<sup>th</sup> April 2018



**Fidelity Milambo (Mr.)**  
**BOARD SECRETARY**

Encl.

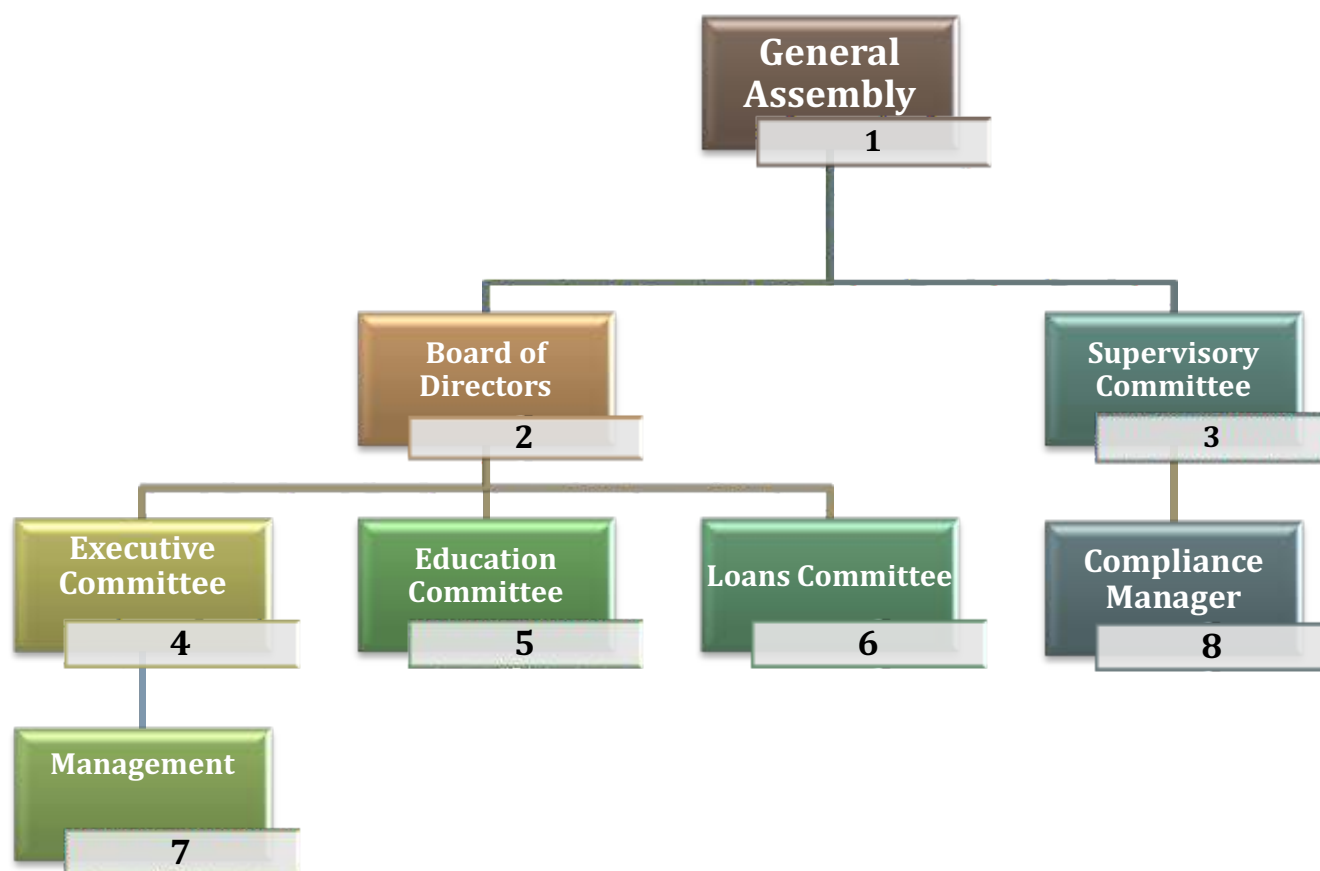
- 1) 2016 AGM Minutes
- 2) Draft Care Coop Shares Disposal Policy
- 3) Draft Care Coop By-Laws Revision



## OUR MEMBERSHIP AND MEMBER ORGANIZATIONS

No.	Member Organization	Membership	No.	Member Organization	Membership
1	General Members	547	33	Action Aid	30
2	Care International	50	34	PATH	84
3	ZCHARD	4	35	Expanded Church Response	27
4	EFC	144	36	IPAS	12
5	Plan International	75	37	SAT	4
6	Care Cooperative	11	38	FHI 360	22
7	Africare	16	39	Afya Mzuri	17
8	Habitat for Humanity	13	40	Chongwe Child Fund	14
9	Embassy of Ireland	30	41	Zambia Governance Foundation	12
10	CRS	59	42	NGOCC	11
11	CIDRZ	575	43	Pinewood School	36
12	World Vision	21	44	Show Society of Zambia	11
13	ZOCS	6	45	SNV	26
14	REPSSI	7	46	Banani International School	14
15	Save the Children	67	47	CounterPart International	11
16	World Fish Center	4	48	Transparency International	12
17	Abt Associates (AIRS)	22	49	ZAMBART	138
18	EGPAF	12	50	BBC Media	12
19	Kick Start	5	51	Catholic Mission Medical Board	15
20	Musika	28	52	CSPR	6
21	VVOB	5	53	Diakonia Zambia	3
22	Project Concern	32	54	FSDZ	14
23	UNC	33	55	GIZ	37
24	Child Fund	20	56	Norwegian Church Aid	21
25	Wildlife Conservation (COMACO)	40	57	PACT Zambia	20
26	Oxfam	28	58	Swedish Aid	9
27	Concern Worldwide	7	59	Technosave	9
28	SFH	52	60	Zambia Anglican Council (ZAC)	12
29	Water Aid	12	61	Build It International	7
30	FAWEZA	18	62	JSI/AIDS Free	82
31	CIAT	5	63	JSI/DISCOVER-H	62
32	Rural Finance Expansion Prog.	9			
<b>Total Membership as at 31<sup>st</sup> December 2017</b>					<b>2,747</b>

## OUR GOVERNANCE STRUCTURE



### Notes:

1. General Assembly: Supreme decision-making body.
2. Board of Directors: Consists 9 elected board members.
3. Supervisory Committee: Consists of 2 elected and 1 nominated by Board.
4. Executive Committee: Chairperson, Secretary, and Treasurer.
5. Education Committee: Vice Chairperson, Vice Secretary, and Vice Treasurer.
6. Loans Committee: 3 elected board members not in Executive, Loans or Education Committee.
7. Management: General Manager, Finance Manager and Staff.
8. Compliance: Compliance Manager.

## OUR BOARD OF DIRECTORS



Name: Dr. Chilunga Puta

Position on the Board: Board Chairperson

Committee: Executive Committee

Years on Board: 3 years

Qualifications: BSc., MPH, MBA, PhD, CQIA

Experience: 25 years, nationally and internationally in health research, public health and management, currently at PATH.



Name: Mr. Chifundo Phiri

Position on the Board: Vice Board Chairperson

Committee: Education Committee

Years on Board: 4 years

Qualifications: Diploma in Computer Studies, CCNA, MCSP

Experience: CIDRZ



Name: Mr. Fidelity Milambo

Position on the Board: Board Secretary

Committee: Executive Committee

Years on Board: 3 years

Qualifications: BSc., MBA, M.A.

Experience: 15 years at among others; CRS, SFH, CIDRZ, JSI, Abt Associates, Embassy of Ireland, and Care International.



Name: Mrs. Diana Mulenga-Chinokoro

Position on the Board: Vice Board Secretary

Committee: Education Committee

Years on Board: 4 years

Qualifications: Diploma in Human Resources Management

Experience: Total 10 years at American Embassy and Care International



Name: Mr. Abraham Alutuli  
Position on the Board: Board Treasurer  
Committee: Executive Committee  
Years on Board: 4 years  
Qualifications: MBA, FCCA, FZICA, NATech, International Global Certificate for Securities Regulators (Harvard University/IOSCO)  
Experience: Total 17 years at SEC, SFH, among others.



Name: Mrs. Gwati Salare-Chitalima  
Position on the Board: Vice Board Treasurer  
Committee: Education Committee  
Years on Board: 3 years  
Years with Supervisory Committee: 3 years  
Qualifications: Diploma in Financial Administration & CIMA (Ongoing)  
Experience: Total 10 years at Chimpembela Trust, IPAS, Africare



Name: Ms. Rose Lungu  
Position on the Board: Board Member  
Committee: Loans Committee  
Years on Board: 2 years  
Qualifications: BSc., NATech, MCSA, N+, A+  
Experience: Plan International, Nkwazi School, LICEF School, W&C Computers



Name: Mr. Lane-Lee Lyabola  
Position on the Board: Board Member  
Committee: Loans Committee  
Years on Board: 1 year  
Qualifications: Diploma in Marketing, BBA, MSc., MCIPS, MCIM  
Experience: CIDRZ, Mobil Oil, Barlows Equipment, WESCO Aircraft Europe, BAE Aerospace, and National Health Service (NHS) UK, ACCA Zambia, IOC/OYDC



Name: Mary Banda

Position on the Board: Board Member

Committee: Loans Committee

Years on Board: 1 year

Qualifications: Graduate Diploma in Chartered Institute of Purchasing and Supply (MCIPS/ZIPS)

Experience: 25 years CIDRZ, TEVETA, G4S Security (Z) Ltd, and Lusaka Business & Technical College.

## OUR SUPERVISORY COMMITTEE



Name: Mr. Kudakwashe Mucheka

Position on the Board: Committee Chairperson

Years on Board: 3 years

Qualifications: ACCA, SAGE ERP Certification

Experience: 12 years' experience at among others CIDRZ, ACCTECH Zambia, ACCTECH Zimbabwe, and ACCTECH Ghana.



Name: Mr. Chimuka Muyuni

Position on the Board: Committee Secretary

Years on Board: 4 years

Qualifications: Advanced Diploma in Accounting, CAT, ZICA Licentiate

Experience: 13 years at among others EGPAF, Adam Hood Quantity Surveyors, NAPSA, Mopani Copper Mines



Name: Mr. Kelly Siame

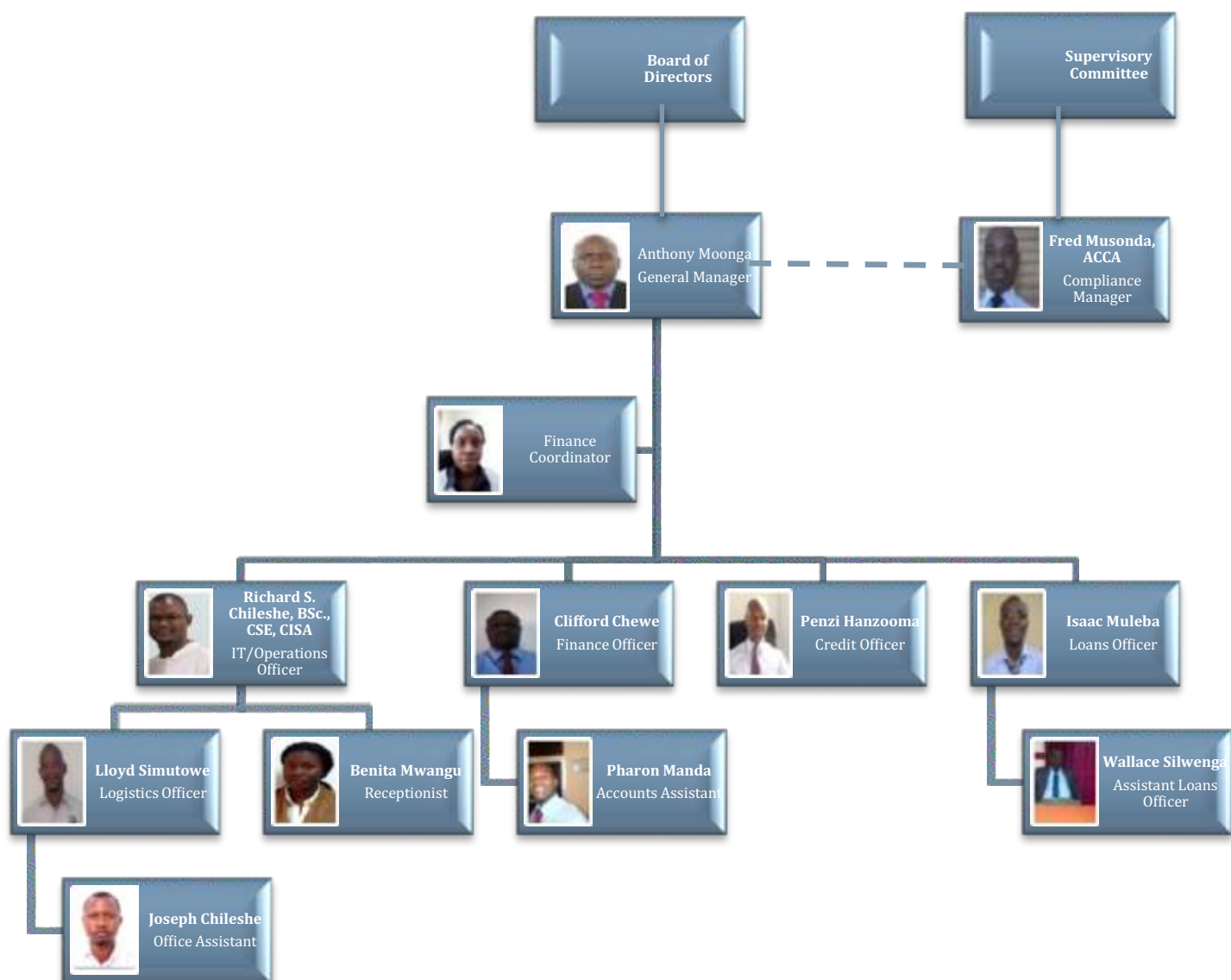
Position on the Board: Committee Member

Years on Board: 1 year

Qualifications: BAcc., FCCA, FZICA, MSc.

Experience: 15 years with Embassy of Ireland and Grant Thornton

## OUR MANAGEMENT TEAM AND STAFF





## BOARD CHAIRPERSON'S REPORT



### Introduction

Distinguished guests and fellow co-operators, invited guests, it is my singular honor to welcome you to this year's Annual General Meeting. 2017 has been both an exciting and challenging year for Care Coop. As we close 2017 and look to 2018, I have every confidence that with a strong Board and an innovative, dynamic and strategic management, augmented with a strong internal audit unit, Care Coop will rise to great heights.

### Financial Highlights

In the year under review, the Cooperative improved its annual earnings from K5,420,394 in 2016 to K9,317,840 in 2017, which resulted into an increment in the corresponding net profit of K3,544,797 in 2017 compared to K1,804,738 in 2016. In the same vein the statement of financial position for the cooperative grew from K49,127,223 in 2016 to K65,682,827 in 2017. The Care Coop maintained a healthy cash flow throughout the year and was able to meet loan demands at all times through 2017. This is a great achievement by you the co-operators because it reflects a commitment to saving as well as to repaying loans by a substantive number of members. Regrettably there are still a few defaulters, and I would urge that these also commit to repaying loans. I would also appeal to those that are not saving substantively to embrace a culture of saving for personal as well as corporate gain.

The increased performance of Care Coop was also due in part to the hard work of the various Board committees, including the Loans Committee, Education Committee and Management, who through continued mapping of eligible institutions and outreach recruited 8 new shareholding organizations in 2017. The Education Committee additionally organized a family fun day on 5th December 2017, at the Care Coop offices. This was a bigger event with exciting prizes that included a Motor vehicle as the grand prize, 100 bags of cement, an LED Full HD TV, generators, a washing machine, a deep freezer, and borehole tank. The event generated a net profit of ZMW 92, 592.84. My appreciation to all who worked so hard to make this event a success. I wish to acknowledge the donation of weekend stays by Intercontinental Hotel and Cresta Golf View which were part of the prizes that were won. I would also like to thank Madison for a donation of K1, 000.00 towards the event.

Let me also acknowledge the Loans Committee, which worked tirelessly to introduce new loan products which saw increased uptake of loans both by volume and amount, generating additional income through the interest on loans.

### Corporate Social Responsibility

Care Coop fulfilled its corporate social responsibility through its donations to the Chainama Special School for Children with Learning Disabilities. Care Coop donated 2 LED HD TVs, flash drives with educational videos and secured the school store room with grill doors.

### Most Diversified Product Range Award

2017 also saw Care Coop being nominated best SACCO for the most Diversified Product Range during the International Credit Union Day (ICUD) under the auspices of the National Savings and Credit Union (NASCU). This award was in recognition of the different loan products Care Coop continues to offer its members. As you may be aware the Loans Committee has worked hard to add new products to our range of loans to include, among others, a car loan, two types of land loans, re-

engineered commodity loan and a family holiday loan. Further, all loans accessed since 15 August 2017 carry a life insurance so that in the event of the demise a debtor, Care Coop will write off the debt and give the bereaved family ZMW3000 cash towards funeral expenses. Care Coop processed a huge number of loan applications in 2017; the number of loans rose from 3,888 in FY2016 to 4,153 in FY2017 generating a 47% turnover in revenue.

### **Microsoft Navision Dynamic**

In as much as there was plenty to be thankful about in 2017, there were also vexing challenges. Foremost among these was transitioning the accounting system from the Loan Performer system to the new Microsoft Dynamics Navision system. The complexity of the transition process was a challenge for our staff and the support from the vendor SACIP left much to be desired. Nevertheless, the system is expected to be fully operational in 2018 and we should all start seeing its benefits within this year.

### **2017 Audited Financial Statement Challenges**

During the course of the audit for the year 2017 it surfaced that there were historical reconciliations that had not been completed over time. This has resulted in balances that cannot be adequately supported by documentation. This lack of reconciliation introduces uncertainty and is of concern to both the Board of Directors and the Auditor. As a consequence, we have a part qualified opinion on our accounts, notwithstanding the validation the 2017 accounts as a true and fair view of the financial position of Care Coop but calls out the discrepancies in opening balances. The financial report is an agenda item in this meeting and will be appropriately presented in detail.

Unreconciled balances pose a risk to Care Coop not only in terms of masking fraudulent activities but also in terms of judicious and effective use of resources for investment and operations. Some of you may recall that in 2016 this Board contracted EMM Corporate Partners to carry out a fraud investigation covering the period January 2014 to August 2016. Some fraudulent activities were then identified and shared during the AGM held in 2017. The recovery of embezzled funds is ongoing, with over 80 % of the embezzled amounts having been recovered to date. While we know that there are discrepancies in balances this audit did not actually identify fraud.

Nevertheless, the current Board has taken this lapse very seriously and has devised a corrective and investigative plan which includes timelines for reconciliations and are intending to report back on progress on this reconciliation process to the general members. It is my hope that the new Board and Management will carry this through. It is imperative that the incoming Board continues to pursue the matter of prompt reconciliations and good book keeping uncompromisingly, and ensure that all reconciliations are done and that finance staff actually systematically keep the books in order.

It is equally important to re-assess workload and align tasks to skills, as well as strengthen the onsite internal audit system to ensure that what management reports to the Board is truly what is obtaining on the ground.

### **Strengthened Management**

No doubt Care Coop needs a strengthened management that is aligned to the increased demands of a growing Care Coop. Customer care and turn-around of loan applications are still works in progress. Some of the corrective measures being undertaken include updating of e-mail addresses, automation of some ICT roles, extending business hours so that staff can attend to clients from 08:00

to 17:00 hours Monday to Thursdays, and recruitment of competent and qualified staff that are able to offer a quality service to our clients. The Board fully recognizes the need to hire better qualified staff and to align increased workload to numbers of workers with appropriate skills and has taken steps to meet this need. In the process of trying to increase efficiency and acquire the correct compliment of skills and competencies, we have had to let go of some members of staff and sought to acquire better qualified and experienced staff. To this end we have recruited a General Manager, a Compliance Manager, Finance Manager, Finance Officer, Loans Officer and IT Officer. At this point I wish to offer my sincere apologies to those members that have been grossly inconvenienced and trust that the next Board will bring to completion what this Board has started to strengthen internal systems and controls aimed at increasing efficiency and effectiveness.

### **Share Offer**

In terms of growing Care Coop, a number of shares have been floated and a total of 8,592 have been sold netting in an income of K4,138,114 which is held in a separate account from the regular Care Coop business account. This money is being raised to meet the requirements of setting up an insurance company as previously discussed with this august house. However as of now we fall short of the ten million Kwacha required as security in addition to the monies for operationalizing the company. Nevertheless, we have made some progress and it is my hope that the incoming Board will be able to move further than we have done. In terms of land issues, the Board has identified a couple of opportunities that will be shared with the membership in due course.

Once again I wish to thank all of you for having come to this AGM and I look forward to very fruitful and constructive deliberations. This is our cooperative and we together must make it work for our mutual benefit. Thank you.



**Dr. Chilunga Puta**  
Board Chairperson

## SUPERVISORY COMMITTEE'S REPORT

### Mission Statement

"Our mission is to effectively and efficiently monitor the operations of the Care Cooperative Savings & Credit Society in a timely manner with a view to ensure that the Care Cooperative through conducting its activities meets the expectation of its members with adequate efficacy"

### Current Office Bearers

As at the time of the Annual General Meeting, the office bearers of the Supervisory Committee included the following members:

- a) Mr. Kudakwashe Mucheka : Committee Chairperson
- b) Mr. Chimuka Muyuni : Committee Secretary
- c) Mr. Kelly Siame : Committee Member

### 2017 Activities

During the year ended 31<sup>st</sup> December 2017, the Supervisory Committee through its Compliance Unit undertook the following assignments: Activity/Observation/Risk Rating/Status

No.	Activity	Observation	Risk Rating	Status
1	ICT – Server Room	Access to the server is not restricted to ICT staff only because it is placed in a room within the Finance Coordinator's office where payment files are kept. The server room is also not air-conditioned, and the door is usually open.	High	Outstanding
2	Software implementation checklist	A systems implementation test was conducted to confirm whether all User Systems Requirements have been implemented as per the list submitted to the Software Developer. It was established that several key features in the system have not been developed to the client's expectations including critical reports such as the Ageing Analysis feature	High	Outstanding
3	Project Implementation Overrun- Navision (Data Migration)	Review of the savings member accounts show that their opening balances were distorted after migration from Loan Performer to Microsoft Dynamics Navision – As at the date of this report the difference had been reduced to K728,039.07, through the process of account reconciliation by staff. Education loan which has a tenure of 6 months and interest rate of 1.5% per month, had its tenure changed to 36 months with an interest rate of 1% on some loan accounts.	High	Resolved

4	Backups	<p>There is no Back-up register in place for the database and the application. Some of the backups taken are stored within the server room.</p> <p>We were unable to test any of the back -ups taken on both systems to obtain comfort that member files can be restored in an event of a disaster, because there is currently no Microsoft Redundant Server to use for such purposes.</p>	High	The backup register has since been established however the rest of the findings are still outstanding
5	Risk Management Plan - Business Continuity	All items of equipment are insured which is good risk management practice. However we noted that the Risk Management Plan in place at the Care Coop does not include the following salient features such as replication of data from the main server to a redundant server.	High	Outstanding
6	Disaster Recovery	We further noted that there are no reciprocal agreements signed between the Care Coop and other institutions. This agreement simply means that in case of a complete disaster the Care Coop can resume operations within hours by utilizing limited space from other parties to the contractual agreement, and vice versa.	Moderate	Outstanding
7	Poor Record Management;	It was discovered that documentation used for processing loans were not sequentially filed and could not be easily retrieved whenever necessary.	High	Outstanding
8	Dormant Accounts	We noted dormant accounts had no restriction features to lock after a period of inactivity spanning over three months.	High	Outstanding

9	Loan Lead -Time	Audit sample of 21 loan applications was taken systematically and tested for compliance with the approved timelines by management. The review indicated that only 19% of the loans sampled were processed within expected timelines.	High	Additional Loan Officer has been recruited.
10	Communication	There are three lines which converge into one line in the PBAX, such that when members are calling, and the main line is engaged the tone given is as though the phone is ringing normally.	High	Management has decided to enter into a post-paid package contract with MTN for three members of staff in the Credit department.
11	Data Capture	We noted that the Care Coop currently updates the members' savings and loan balances manually, a practice which is highly susceptible to error because of human intervention.	High	Outstanding
12	Recovery schedules	We noted that the Care Coop has a set deadline of the 10 <sup>th</sup> of every month for the submission of schedules to its member organizations. However, tests performed on schedules submitted for the month of October 2017 indicate that they were all beyond the set timeline.	High	There has been a slight improvement
13	Data Cleaning	It was established that after migration from Navision to LPF certain aspects of the data sets were duplicated such as interest.	High	Resolved
14	Liabilities	Rates for the Care coop properties were neither paid for the entire year of 2016 nor accrued to date, hence understating the liabilities and expenses	Moderate	Resolved
15	Staff Leave	The Staff leave account code 340850 has a balance of K35,149.42, this account is supposed to be reconciled monthly against the leave schedule. Staff gratuity was also overstated by K10,359.56.	Low	Resolved



# Minutes of the 2016 Annual General Meeting held on the 24<sup>th</sup> April 2017 at Radusson Blu Hotel in Lusaka

## 1. OPENING AND WELCOME REMARKS

The meeting started at 09:35 Hrs. In his opening remarks, the Board Secretary, Mr. Fidelity Milambo, welcomed all members to the 2017 Annual General Meeting. He gave tribute to the six (6) deceased members of the Coop Society, called out their names and requested the AGM members to stand and observe a minute of silence. Following the minute of silence, Mr. Mwale was requested to give an opening prayer for the AGM. He requested the AGM delegates to confirm their status as shareholding and non-shareholding members for voting purposes.

The Board Secretary invited the board members and invited guests, to introduce themselves to the AGM delegates. Further, the Board Secretary recognized the Guest of Honour from the Ministry of Trade Commerce and Industry (MCTI), Ms. Esther Liyani, who was accompanied by Mr. Kennedy Mbuzi.

### 1.1 Presentation and Adoption of Annual General Meeting Agenda

The Board Secretary outlined the agenda for the 2016 annual general meeting as follows:

- 1) Arrival of Members and Registration
- 2) Review, Correction and Adoption of 2015 AGM Minutes
- 3) Board Chairperson's Speech
- 4) Speech by Guest of Honour from the Ministry of Commerce, Trade and Industry
- 5) Presentation of Awards
- 6) Presentation and Adoption of the 2016 audited Financial Statements
- 7) Declaration of Dividends
- 8) Supervisory Committee Report
- 9) Appointment of the Auditors for the 2017 financial year
- 10) Report on the Share Split Policy Implementation
- 11) Launch of the Issuance of Share Certificates
- 12) Presentation of the Pre-Sent Questions and Answers
- 13) Election of Directors
- 14) Closing Remarks/Prayer and Lunch

Mr. Bwanda from SNV proposed the adoption of the agenda, and Mr. Noble Musausheni, a General Member seconded the motion, following which the Agenda was duly adopted for the April 2017 AGM without any amendments.

## 2. REVIEW, CORRECTION AND ADOPTION OF THE 2015 AGM MINUTES

### 2.1 Review and Corrections of 2015 AGM Minutes

The Board Secretary led the AGM in reviewing the 2015 AGM Minutes and the following minor corrections were made:

- 1) Section 4.3 on 1<sup>st</sup> paragraph, 2<sup>nd</sup> sentence: Strike out the word "...did...";
- 2) Section 4.4 on 1<sup>st</sup> paragraph, 2<sup>nd</sup> sentence: "...had been..." to read "...was being..."
- 3) Section 7.0 on 1<sup>st</sup> paragraph to read: "...increase of 85%..." instead of "...increase by 85%..."
- 4) Section 8.1 on 1<sup>st</sup> paragraph, 2<sup>nd</sup> sentence "...not limited to..." to read "... were not limited to..."
- 5) Section 8.2 under Challenges on line 7: "...was lasted" to read "...was last..."
- 6) Section 12: Attach 2015 Questions and Answers as Appendix to the Minutes
- 7) Section 13.1: "...Altli" to read "...Alutuli" and "...Chikubi" to read "...Jikuvi"

### 2.2 Adoption of the 2015 AGM Minutes

Following the corrections, Ms. Mary Banda from CIDRZ proposed the adoption of the Minutes as true reflection of the proceedings of the 2015 AGM, Reverend Charlton Kakene, a General Member, seconded the motion and the motion was thus carried.

## 3. BOARD CHAIRPERSON'S SPEECH

### 3.1 Introduction

The Board Chairperson, Dr. Chilunga Puta, was invited to deliver the Board Chairperson's Speech. The Board Chairperson welcomed all delegates present to the AGM and acknowledged the presence of the Guest of Honour from the Ministry of Commerce Trade and Industry, Ms. Esther Liyani. She outlined the key highlights of the year 2016 achievements and challenges as follows:

### 3.2 Financial Outlook

On a positive note, Care Coop recorded an increased Balance Sheet for the year ended 31<sup>st</sup> December 2016 of ZMW 50,487,191 compared to ZMW 37,828,559 in 2015, signaling an increase of 33% over the year 2015. Member Savings rose to ZMW 42 million compared to ZMW 29.5 million in 2015 – a 42% increase in 2016, the monetary value of shares increased from ZMW 704,000 in 2015 to ZMW 759,400 in 2016, an increase of 7.8%. Further, the Board Chairperson reported that Care Coop was awarded a prize for good corporate governance, during the International Credit Union Day (ICUD) on 26<sup>th</sup> October 2016 in recognition of the actions that the Board of Directors had undertaken to strengthen the internal control and governance.

### 3.3 Fraud

The Board Chairperson reported that Care Coop had a very unfortunate event during the year 2016, where two senior staff members took advantage of limitations in the accounting system that was in place, and abused their access privileges to the system to commit fraud in which Care Coop lost a total of ZMW 643,773.09. Of this amount ZMW 587,544.09 was attributable to the former Care Coop Manager and ZMW 56,229 to former Finance Coordinator. Recoveries from the Finance Coordinator were expected to be completed within 3 months, with at least 50% payment made to date. The former Coop Manager had paid ZMW 27,000 in cash, offered a property worth K600, 000 and a Toyota Prado worth K50, 000 to clear the balance.

A summary of the findings from the forensic audit was circulated to all Care Coop Members via email, where it was reported that the main reasons which led to the fraud included:

- 1) Operators were also user creators which offered the perpetrators of the fraud an opportunity to manipulate the system in their favour. This loophole has been addressed in the new Microsoft Navision Dynamics by restricting rights to create users to ICT personnel who are not involved in the management of funds.
- 2) Non-segregation of roles in the old system. This has also been addressed in the Microsoft Navision Dynamics system; and
- 3) Dormant accounts had no restriction features to lock down after a period of inactivity. This feature is available in the Microsoft Navision Dynamics.

The Board Chairperson reported that the Board had instituted measures to safeguard the investments of members, key among which were the investment in internal management and accountability systems given that Care Coop had grown rapidly. An appeal was made to the incoming Board Members to be extra alert to potential new fraud to safeguard Care Coop assets, as there was no insurance available against electronic fraud.

### **3.4 Board and Management Realignments**

To strengthen management and internal control systems, a General Manager and Compliance Manager were hired and commenced work on 17<sup>th</sup> October 2016 and 4<sup>th</sup> November 2016, respectively. These recruitments have enabled a realignment of Board and Management functions, a necessary condition for effective checks and balances. Following the resignation of a long-serving Care Coop employee, Mrs. Hope Zulu, the position of Administration Coordinator was upgraded to Human Resources and Administration Officer, and Mrs. Martha Kasempa was recruited to fill this enriched position. The Chairperson acknowledged Mrs. Hope Zulu's distinguished service and commitment to Care Coop work.

### **3.5 Member Recruitment**

During 2016, Care Coop through its Education Committee continued with member education and recruitment activities. In the process eight (8) shareholding and four (4) non-shareholding member organizations were recruited. The total membership as at 31<sup>st</sup> December 2016 stood at 52 share-holding and 5 non-shareholding member organizations; while the total individual membership of Care Coop stood at 2,116 – from which 1,426 were shareholders. Further, the Education Committee held a successful fundraising activity which yielded a net profit of K91,855.68

### **3.6 Investment Diversification**

The agenda to diversify the investment portfolio of Care Coop was initiated with the offering of 50,000 shares to all eligible members to purchase at K 445 per share. This share offer lasted from 1<sup>st</sup> September 2016 to 28<sup>th</sup> February 2018. The intent of the share offer was to raise capital for the establishment of an insurance company in line with the resolutions of the 2015 AGM. The total amount of revenue raised through the selling of shares was ZMW 1.7 million as at 31<sup>st</sup> December 2016. It was further reported that whereas the initial minimum working capital was ZMW 1.5 million, a new statutory instrument was issued in November 2016 which raised the minimum capital requirement to ZMW 10 million. Consequently, the share offer was extended at the current value in a quest to close the capital requirement gap.

### **3.7 New Land Loans**

The Board Chairperson informed the AGM that Care Coop had signed Memoranda of Understanding (MoU) with 2 companies that were selling land in Kabangwe and Lilayi, from which Care Coop members would buy Plots.

### **3.8 Challenges in Service Delivery**

The Board Chairperson expressed concern at the administrative challenges that inconvenienced Care Coop members during 2016, especially regarding accessing statements and delays in loan processing. She attributed the major factors to administrative lapses and staff shortages, resulting from loss of staff related to the fraud, installation and operationalization of a new accounting system, activities related to the fraud investigation and work overload for the few staff members that remained. These factors created a negative work environment at Care Coop. Further, she commended the Board for successfully installing a new system and stated that hurdles faced up to then would be a thing of the past and informed members to expect a much-improved service. She made a special appeal to all members to take it upon themselves to ensure that Care Coop had updated e-mail and other contact details to enable them to receive improved service.

### **3.9 Debt Collection**

The Board Chairperson made a strong appeal to the membership of Care Coop to ensure they repay their loans. She stated that members should bear in mind that they were borrowing money from each other, and should thus have a personal shared responsibility that the money belonged to all members and there was need to repay it. To ensure better debt management, Care Coop had engaged the services of a Debt Collector.

### **3.10 Power Outages**

A key challenge in terms of general operations during 2016 was the persistent electricity outages, due to ZESCO load-shedding. To address this challenge, the Board approved for a back-up Generator to be bought.

### **3.11 Board Retirements**

The Board Chairperson paid tribute to the current Board Members for the hard work and enduring the strain of a difficult year. She informed the AGM that two longstanding members were officially retiring from the Board, namely; Ms. Mukwa Muliwana and Mr. Vincent Kawaya. She further commended the outgoing Board Members for serving the Board with exceptional excellence, as they leave a gaping void that she hoped would be filled by new entrants to the Board. She thanked the outgoing members and wished them well as they move on. The Board Chairperson informed the AGM that Board Member, Mr. Chifundo Phiri, had come to the end of his first three years, but was re-contesting. From the Supervisory Committee, Mr. Bright Kulukulu's first term had come to an end, but he was not re-contesting. The Board Chairperson thanked Mr. Kulukulu for his service.

### **3.12 Conclusion**

In conclusion, the Board Chairperson reiterated that Care Coop had reached a critical stage and that its growth required a strong focus on strong internal systems and acquisition of highly qualified professional staff who shall safeguard the integrity of the institution. She urged a spirit of oneness amongst all members as the continued success and sustainability of Care Coop was incumbent upon every single member of Care Coop. She finally thanked the AGM delegates for their attention and appealed to them to unite and work together to make Care Coop even greater.

#### 4. SPEECH BY GUEST OF HONOUR FROM MCTI

In her introductory remarks, the Guest of Honour from the Ministry of Commerce Trade and Industry (MCTI), Ms. Esther Linyani, recognized the presence of the Board Chairperson and the Supervisory Committee and thanked the Care Coop Board for inviting the Ministry to come and preside over the AGM. She stated that it was an honour and privilege for her to officiate at the Care Coop AGM as the MCTI attached a lot of importance to Cooperatives. She stated that Care Coop had consistently held AGMs since its formation, and had its books of accounts audited, as well as adherence to the Cooperatives Act and By-laws. She commended the Care Coop Board for hosting the AGM as it was the highest decision-making organ for Care Coop, and allowed members to make decisions, elect leaders, amend wrongs and promote good governance, accountability and transparency.

The Guest of Honour stated that she took pride in the achievements made by Care Coop such as the prize awarded to Care Coop in good governance during the International Credit Union Day on 26<sup>th</sup> October 2016. Her office was also informed of activities undertaken by the Care Coop such as the successful floating of shares to members to acquire part-ownership of the Care Coop in fulfilment of one of the principles of cooperatives regarding member participation. Her office was also aware of the profitability of Care Coop on a yearly basis with the pay-out on savings to members at 5% and projected dividends of 10%.

The Guest of Honour acknowledged the challenges faced by Care Coop including debt repayments and urged the AGM delegates to adhere to and display Cooperative values and ethics of honesty, openness, open responsibility, and care for others. She reminded AGM delegates that cooperatives play a critical role in economic development, uplifting members' livelihoods, poverty alleviation and achievement of dreams such as owning homes and educating children; Cooperatives can also contribute to industrialization. She stated that in recognition of this, the Department of Cooperatives was transferred from the Ministry of Agriculture and Livestock in September 2015 to the MCTI to remove the notion that cooperatives were just for the agriculture sector, and to show that Cooperatives transcended other sectors of the economy such as Mining, Education and Housing. She informed the AGM that the Ministry had made progress in efforts being made to revise the Cooperatives Act of 1998, and that the revised Generic Cooperative Bill was expected to be tabled at the Parliamentary sitting of July 2017, while the Financial Cooperative Bill would come out later. In conclusion, the Guest of Honour took the opportunity to thank the Board of Directors for their tireless efforts in ensuring a successful hosting of the 2016 Care Coop AGM.

#### 5. PRESENTATION OF AWARDS

The Chairperson together with the Guest of Honour from the MCTI, presented the 2016 awards as follows:

No.	Award	Recipient
1	Highest Loan Amount	Mr. Charles Kalonga
2	Highest Number of Loans Accessed	Mr. Isaac Mwape
3	Highest Savings	Mr. Gordon Mwanza
4	Most Consistent Saving New Member	Mrs. Thandiwe Ngoma
5	Board Chairperson's Award	Mr. Joseph Chileshe

## 6. PRESENTATION AND ADOPTION OF 2016 AUDITED FINANCIAL STATEMENTS

### 6.1 Expression of opinion on Financial Statements by the Auditors, CYMA

The Board Secretary invited the auditors, CYMA, to express an opinion on the 2016 financial statements. Mr. Richard Nyirenda, a representative of CYMA, the outgoing auditors for Care Coop made a short presentation on the audited financial statements. He informed the AGM delegates that in the opinion of CYMA Chartered Accountants & Management Consultants, the financial statements gave a true and fair view of the financial position of Care Coop as at 31<sup>st</sup> December 2016 and of its financial performance, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and were in compliance with the Cooperative Act of 1998. He further reported that in accordance with the Cooperative Act of 1998, CYMA reported that in their opinion, the required accounting records, other records and registers required by the Act have been properly kept.

### 6.2 Statement of Financial Position

The Board Treasurer, Ms. Mukwa Muliwana, made a presentation of the financial statements reflecting the financial status of Care Coop for the year ended 31<sup>st</sup> December 2016, with the following highlights:

#### 6.2.1 Assets

Care Coop total assets for 2016 were ZMW 50,487,191, compared to ZMW 37,828,559 as at 31<sup>st</sup> December 2015, representing an increase of 33% over 2015. The Assets were broken down as follows: Cash and Cash equivalents – increased to K 6,130,801 in 2016 from K 2,334,121 in 2015. The increase was attributed to investments that matured in December 2016, which were rolled overall into January 2017; Loans and Advances – increased to K 31,491,482 in 2016 from K 24,450,281 in 2015; Investment Securities increased to K 5,178,056 in 2016 from K 4,326,721 in 2015; Property and Equipment – increased to K 3,796,699 in 2016 from K 3,626,967 (movements were due to rehabilitation of the old offices, acquisition of new computers and printers, office furniture and container); Intangible assets increased to K 176,166 (Microsoft Navision) from zero in 2015; and Other Assets – increased to K 3,713,987 in 2016 from 3,090,469 in 2015. In relation to Other Assets the Board Treasurer explained that the K451,451 represented interest on investment. The K 2,393,093 contributions represents amounts owed by other organisations which have not paid at as at 31<sup>st</sup> December 2016.

#### 6.2.2 Equity and Liabilities

Care Coop's equity and liabilities amounted to K 50,487,191 broken down as follows: – Capital and Reserves – Members' Savings (Coop savings) increased by 42% to K 42,015,954 (compared to K 29,542,019 in 2015); Shares – K 759,400 in 2016 from K 704,000 in 2015, Other reserves – K 6,100,717 in 2016 from K 5,166,053 in 2015, and Retained earnings – K 659,512 in 2016 from K 1,803,204 in 2015. Liabilities comprised of Other payables – Total ZMW 951,608 in 2016 (includes accrued withholding tax on the accrued interest on savings at 15% of K 429,702 in 2016 from K 52,442 in 2015, Staff Gratuity at K121,896 from K 160,841 in 2015 and Purchase of Land at K400,000 (Coop Villa).

#### 6.2.3 Statement of Comprehensive Income

The interest and similar income increased from K 4,874,420 in 2015 to K 6,027,113 in 2016 (66% from interest on income 17% from interest on investments and other income). There were similar increases in the accompanying expenses as follows: administrative expenses increased from K



771,575 in 2015 to K 3,042,905, Board and Committee costs increased from K 177,625 in 2015 to K 214,954 in 2016; Staff costs increased from K 1,071,740 in 2015 to K1, 400,078 in 2016. Other notable expense increases included Annual General meeting expenses from K 121,438 in to K 125,092 in 2016 and the impairment on loans and advances which increased from K 40,373 in 2015 to K 62,816 in 2016. The increase in staff costs was due to salary increments effected by the Board to offset the devaluation of the Kwacha and partly due to recruitment of additional staff. The statement of Comprehensive Income reflected a reduction in Surplus for the Year from K 2,751,744 in 2015 to K 1,181,268 in 2016.

The AGM delegates sought clarifications on the reasons for reduction in Surplus and Retained Earnings for the year 2016 and whether this was due to underperformance during 2016, and wanted to know what constitutes other in Other Assets in the Statement of Financial position. The Board Treasurer explained that during 2015 and years before, the interest on savings was lumped together with dividends on shares, and therefore profits and shares were combined. In accordance with the Share Split Policy savings should accrue interest and shares should pay dividends. There was no deduction for interest on savings from interest and similar income in 2015. During 2016 shares and dividends were separated. The interest on savings (which is 5% of the K42, 015,954 Members' savings) is reflected as an administrative expense during 2016 and therefore had the effect of increasing overall costs and expenses and reducing the surplus and retained earnings for the year 2016. The significant reduction on surplus is due to the payment for interest on savings. The General Reserve will grow slower so there is need for members to invest by buying more shares.

Others included accounts receivables to Care Coop, including the recoveries from the General Manager and Financial Co-ordinator arising from fraud and associated administrative costs associated with follow ups to manage the fraud such as a forensic audit and additional board meetings. The AGM delegates requested CYMA to give further explanation and justification for the CYMA opinion stated earlier. The CYMA representative explained that the auditor's opinion is an internationally adopted reporting standard with very little flexibility, implying that *the auditors have done sufficient work to be used as a basis for expressing opinion on whether the financial statements are true or not*. On the appropriations in the Statement of Comprehensive income, the Treasurer explained that they are derived from percentage apportionments of the total comprehensive income for the year into General Reserves (20%), Education Fund (5%) and Capital Fund and retained earnings. Following the exhaustive presentation by the Board Treasurer, the AGM delegates seconded, and adopted the audit report as a true and fair view of the 2016 Care Coop financial status.

### 6.3 Declaration of Dividend

The Vice Board Treasurer made a presentation on the Declaration of Dividends. The total comprehensive income for the year 2016 was ZMW 1,181,268.00, proposed to be appropriated as follows:

No.	Description	Amount (ZMW)
1	General Reserves (20% of Profit)	236,254.00
2	Education Fund (5% of Profit)	59,063.00
3	Capital Fund	200,000.00
4	Retained Earnings	685,952.00

The K685,952 retained earnings translated into dividends of K46.64 per share (10%). Following the Vice Board Treasurer's presentation, Mr. Mathias Simwinga of CIDRZ proposed the distribution of profits as presented and Mr. Halwiindi from EFC seconded the motion. The motion was thus carried.

## 7. SUPERVISORY COMMITTEE REPORT

### 7.1 Background

The Chairperson of the Supervisory Committee gave a brief background to the Committee and stated that the Committee comprised 3 members; 2 elected at the AGM and one appointed by the Board of Directors. The members of the Committee were not part of the Board of Directors and were not involved in the day-to-day execution of Coop Care activities. The Mission Statement of the Supervisory Committee is *"To effectively and efficiently monitor the operations of the Care Cooperative Savings and Credit Society in a timely manner with a view to ensuring that the Care Cooperative, through conducting its activities meets the expectation of the members with adequate efficacy"*.

### 7.2 Current Office Bearers.

The 2016 Supervisory Committee Office Bearer included:

- |                           |               |
|---------------------------|---------------|
| 1) Mr. Bright Kulukulu    | : Chairperson |
| 2) Mr. Kudakwashe Mucheka | : Secretary   |
| 3) Mr. Chimuka Muyuni     | : Member      |

### 7.3 Activities Implemented during the Year 2016.

The Committee reported that during the year ending 31<sup>st</sup> December 2016, it implemented activities in relation to the governance and risk management of the Care Coop as follows:

#### 7.3.1 Review and confirmation of the Compliance Manager

The Committee carried out a performance review of the Compliance Manager during the three months of probation and confirmed him in his position. The Committee also reviewed, discussed and approved the Compliance Manager's annual audit plan for 2017.

#### 7.3.2 Loan issuance compliance

The Committee accessed and verified a sample of loans that were randomly selected for compliance and found out that all loan approvals and payments were in order, appropriately documented, and filed. The sampled list included high, medium and low loan amounts, as well as loans issued to Board members.

#### 7.3.3 Systems Implementation Status

Care Coop generated a list of 24 user systems requirement to be used for customisation of the application software on Microsoft Navision Dynamics Platform. However, only 5 specific users were fully developed into the Navision platform at the time of the review. This translates into 20% of the total requirements as agreed with the developer. Project implementation overrun has been detected and requires urgent consideration by the Board.

#### 7.3.4 Review of monthly Statements

The monthly statements, vouchers and related documentation were reviewed during the current reporting periods which were found to be in correct order. This also covered the audit issues and the management report. The Supervisory Committee monitored the bad debts that were reduced by 47% from 2015, compared to the current reporting period 2016.

### **7.3.5 Investment and Performance**

The Committee reviewed the investments and cash position of the co-operative which showed an increase during the year by 19%.

### **7.3.6 Insurance Share Float**

The Committee observed insufficient buy-in into the share sales which may have being due to insufficient stimulation among the members. Only about 7% of the required capital was raised during the year under review.

### **7.3.7 Reviewed the status of Fraud**

The Committee participated in the selection process of EMM corporate partners as in the fraud investigations. The findings of the investigations were communicated to the Board on 19<sup>th</sup> February 2017. During the fraud investigation, the Supervisory Committee through the Compliance Unit undertook a comprehensive general internal control and compliance review of the Care Coop.

### **7.3.8 Board Meetings**

In addition, through the meetings with the Board, the Committee ensured that the recommendations in the 2016 supervisory report were adequately addressed. The Board managed to implement the following measures:

- 1) Employed additional staff to improve the ratio of the number of staff to the number of members;
- 2) Loan processing communications to the applicants were implemented and it is believed they will be more efficient in 2017;
- 3) The Human Resources Manual and the Accounting Policy Manual were updated during 2016;
- 4) The Board procured, and implemented the use of NAVISION, a new accounting system. Staff had been adequately trained in the use of NAVISION; and
- 5) The Board put up additional initiatives that will benefit members and compete in today's credit market like New Loan Products, Revised Loan Tenure, Revised Loan Amounts, maintained interest rates.

### **7.4 Outstanding Opportunities**

According to the Supervisory Committee, Care Coop has outstanding opportunities in; diversifying its investment portfolio, for example, in real estate which is currently appreciating and has a low risk; and the Care Coop website needs to be fully operational and members be encouraged to utilize it, to learn the new updates from the Coop.

### **7.5 Supervisory Committee 2017 Care Coop Planned activities.**

The Supervisory Committee planned activities for 2017 were:

- 1) Follow up with the Board on the implementation of the Share Split Policy;
- 2) Monitor the performance of Care Coop in terms of investments and cash position;

- 3) Continue review of monthly financial statements, loans, vouchers, and committee minutes;
- 4) Follow up audit issues and management letter responses by the Board, where applicable; and
- 5) Ensure that the bad debts continue to be collected.

## 7.6 Supervisory Committee Recommendations

The Supervisory Committee made the following recommendations:

- 1) Members needed to be enlightened more on the share offer and its related benefits;
- 2) Invest in a replica Server back-up to ensure business continuity;
- 3) Orient staff on The Prohibition and Prevention of Money Laundering Act, 2001 (General);
- 4) Ensure the Microsoft Navision project implementation overrun was addressed;
- 5) Issue share certificates to all shareholders, and;
- 6) Encourage members to invest more in the growth of the Coop.

## 8. APPOINTMENT OF EXTERNAL AUDITORS FOR 2017 FINANCIAL YEAR

Mrs. Gwati Chitalima, Board member and Loans Committee Chairperson, led the presentation on procurement of provision of statutory auditing services for 2017. She informed the AGM that the procurement process was conducted using a selective bidding process. A Select Evaluation Committee comprising the Treasurer, Vice Board Chairperson, the Loans Committee Chairperson and Compliance Manager was constituted and entrusted with the task of appointing Auditors for the year 2017, in view of the fact the CYMA Chartered Accountants and Management Consultants' 3-year tenure of auditing had come to an end.

A list of eligible firms was obtained from Zambia Institute of Chartered Accountants (ZICA) and invitations for technical and financial proposal were sent to eight (8) firms. Out of which the eight (8) companies that received calls for expressions of interest for provision of auditing services, only 3 responded within the deadline, including; Newton Lungu Associates, Victor Morgan Associates and PKF Chartered Accountants. The evaluation criteria used by the Evaluation Committee included the fees charged, expertise in auditing, experience in auditing similar microfinance institutions, care for business and methodology and approach. PKF Chartered Accountants was selected as the preferred bidder by the Evaluation Committee, because they had a satisfactory methodology, adequate expertise, and experience in auditing similar microfinance institutions, despite the relatively higher fees of K80, 000 compared to the other two firms.

Following lengthy deliberations by AGM delegates on whether to adopt PKF Chartered accountants or request the Select Evaluation Committee to restart the selection process, the AGM delegates resolved to vote on the issue, with the Supervisory Committee presiding over the voting. The AGM voted to go ahead and engage PKF Chartered Accountants as the Care Coop auditors for 2017. The AGM delegates, however, appealed to the Board to make improvements on the selection process for auditors in future, including inviting more firms to express interest in auditing, increasing the number of members on the evaluation committee, and coming up with exhaustive evaluation criteria and weightage, so that Care Coop can get value for money for the auditing services.

## 9. REPORT ON THE SHARE SPLIT POLICY IMPLEMENTATION

The Vice Board Chairperson, Mr. Vincent Kawaya, made a presentation on the Share Split Policy as follows:

### 9.1 Background

The Share Split Policy started in 2011 as an amendment of by-laws at an extra-ordinary general meeting. It split the shares and savings portfolio in line with the confines of the Strategic Plan endorsed by the members. The main objective of the Share Split Policy was to distinguish the portfolio between shares and savings and come up with guidelines for implementation of the split. The Share Split Policy was launched at the 2014 Annual General Meeting.

### 9.2 Specific Objectives of Policy

The specific objectives of the Policy were:

- 1) It provided a basis for valuing the worth of shares in Care Coop at any time;
- 2) It encourages Members to invest in long-term opportunities;
- 3) To ensure that the buying of shares is proportionate to the net value of assets, and;
- 4) To enable new members to be charged for true value of shares.

### 9.3 Share Split Policy Implications

Some of the Policy implications of the Share Split were:

- 1) It provided for a distinction between membership, that is, shareholding and non-shareholding members.
- 2) Employees of qualifying member organizations who had joined Care Coop had contributed for saving but had to be yet to be admitted as a shareholding member.
- 3) There are two types of member organizations – qualifying member organizations and non-qualifying member organizations.
- 4) Qualifying member organizations are legally registered and operating within the jurisdiction of an NGO with an established MoU with Care Co-op to enable the employees of the organizations to become shareholding members.
- 5) A non-qualifying organization is a legally registered organization but it operates outside the jurisdiction of an NGO. It shall have an established MoU with Care Co-op that enables the employees from the said organization to become non-shareholding members - they cannot attend AGM and be voted in office at Board and Supervisory Committee.

### 9.4 Current Implementation Status

Care Coop apportioned shares at 31<sup>st</sup> December 2015 when each member bought 10 shares by way of a deduction from savings. Care Coop was in the process of apportioning shares to members and 50,000 shares were offered to all eligible members from 1<sup>st</sup> September 2016 to 28<sup>th</sup> February 2017 at a fair value of K445, with each eligible member being allowed to buy between a minimum 5 shares and a maximum 30 shares. When the offer was closed, 3670 shares were subscribed at a value of K 1.7 million. The Share Split came out of the desire to diversify the portfolio in investment. The 2016 AGM approved the insurance business plan after a viability study and legal opinion. The insurance business required K10 million but Care Coop only raised K1.7 million which has been invested in fixed term deposits at favorable rates. In line with the quest to diversify, Care Coop shall be issuing 30 additional shares per eligible member at a new share value of K 481.65 to raise the required K10 million capital to go into insurance business by 31<sup>st</sup> October 2017. The offer for the shares shall be valid from 1<sup>st</sup> May 2017 to 31<sup>st</sup> October 2017 with the same modalities for paying for the shares. The AGM delegates requested to know whether Share Split Policy was aimed at

shareholding in the investment or shareholding in Care Coop. In response, the Board stated that investments were in Care Coop and not in other companies or subsidiaries.

Some AGM delegates expressed having experienced challenges and discomfort in decision-making for buying share capital due to lack of knowledge on the benefits of the Share Split Policy and that there was need for Care Coop to provide sufficient information to make members aware of the benefits and make sound business decisions. In response, the Board admitted that there was room for improvement in providing the relevant information and sensitising members.

In conclusion, Vice Board Chairperson urged the AGM delegates to seize this important opportunity by buying more shares for increased investment in Care Coop.

## **10. LAUNCH OF SHARE CERTIFICATES ISSUANCE**

The Board Secretary invited the Board Chairperson and the Guest of Honour to present Share Certificates. The Board Chairperson and Guest of Honour presented Share Certificates to Mr. Chola Chifukushi and Mr. Lawrence Muuma and advised the other recipients that the rest of the certificates would be ready for collection from Care Coop after the AGM.

## **11. PRESENTATION OF THE PRE-SENT QUESTIONS AND ANSWERS**

The Board Secretary led a comprehensive presentation on the pre-sent questions and answers from member organizations. The table of pre-sent questions and respective responses is attached to these minutes as Appendix 1.

## **12. ELECTION OF DIRECTORS**

The Registrar of Cooperatives from Ministry of Commerce Trade and Industry presided over the election for the Care Coop Board of Directors and Supervisory Committee replacing retiring Board Members. The AGM was informed that there were three (3) vacant Board positions which called for nominations, including; Ms. Mukwa Muliwana, retiring Board Treasurer, and Mr. Vincent Kawayo, Vice Chairperson. Four (4) candidates were nominated for Board positions. However, 2 out of the 4 positions were non-shareholding members and therefore ineligible to stand for election. Only two of the nominated members were eligible for Board position candidacy. These were Mr. Chifundo Phiri and Mr. Lane-Lee Lyabola, who went through as unopposed candidates. The AGM delegates nominated Ms. Beatrice Mwila and Ms. Mary Banda for the third vacant Board position, for which eligible AGM members cast votes. The result of the election was 30 votes for Beatrice Mwila and 73 votes for Mary Banda, following which the latter took a seat on the Board.

Under the Supervisory Committee, the AGM was informed that the Supervisory Committee Chairperson, Mr. Bright Kulukulu was not re-contesting the position, and therefore rendering the position vacant. Mr. Kelly Siame stood unopposed for the position of Supervisory Committee member to replace Mr. Bright Kulukulu. The AGM delegates further nominated Dr. Chilunga Puta and Mr. Chifundo Phiri for the positions of Care Coop Board Chairperson, and consensus was reached by the AGM delegates that the candidate with the higher number of votes routinely becomes Board Chairperson, while the one with lower votes takes up the post of Board Vice Chairperson. The election results for the positions were: 37 votes for Mr. Chifundo Phiri and 111 votes for Dr. Chilunga Puta. Dr. Chilunga Puta and Mr. Chifundo Phiri were therefore duly elected 2017-2018 Care Coop Board Chairperson and Vice Chairperson, respectively.



### 13. CLOSING REMARKS/PRAYER AND LUNCH

In her concluding remarks, the elected Board Chairperson, Dr. Chilunga Puta thanked the AGM delegates for showing confidence in her by voting for her, and commended the AGM delegates for voting for Mr. Chifundo Phiri as Vice Chairperson. She also thanked the Ministry of Trade and Industry for overseeing the AGM process. She urged all delegates to put in their best efforts for the good and further growth of Care-Coop, and appealed to delegates to feel free and interact with the Board on issues affecting them.

Mr. Vincent Kawayi, the outgoing Vice Chairperson, gave a closing prayer, following which the Board Chairperson declared the 2017 Care Coop AGM closed at 14:15 hours and invited all delegates to lunch.

SIGNED:



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**Dr. Chilunga Puta**  
**BOARD CHAIRPERSON**



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**Mr. Fidelity Milambo**  
**BOARD SECRETARY**

Care Cooperative and Credit Society Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2017

## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the Cooperative.

### PRINCIPAL ACTIVITIES

The Cooperative offers savings and credit facilities to its members.

RESULTS	2017 ZMW	2016 ZMW
Surplus before tax	3,544,797	1,804,738
Income tax expense	-	-
Surplus for the year	<u>3,544,797</u>	<u>1,804,738</u>

### DIVIDEND

The directors propose a final dividend of ZMW 88.99 per share (2016: ZMW 46.64 per share) amounting to a total of ZMW 2,082,375 (2016: ZMW 735,744).

### DIRECTORS

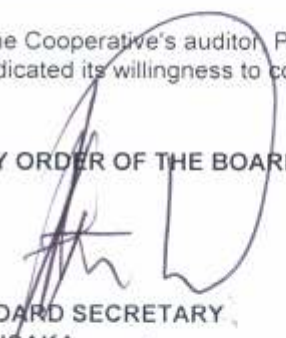
The directors who held office during the year and to the date of this report are shown on page 1. A board member cannot hold a position for more than 3 years.

### INDEPENDENT AUDITOR

The Cooperative's auditor, PKF Zambia Chartered Accountants was appointed during the year and has indicated its willingness to continue in office in accordance with the Cooperative Societies Act, 1998.

### BY ORDER OF THE BOARD

BOARD SECRETARY  
LUSAKA

  
4 May 2018

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

financial year which give a true and fair view of the state of affairs of the Cooperative at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Cooperative keeps proper accounting records that are sufficient to show and explain the transactions of the Cooperative; that disclose, with reasonable accuracy, the financial position of the Cooperative and that enable them to prepare financial statements of the Cooperative that comply with the International Financial Reporting Standards and the requirements of the Cooperative Societies Act, 1998. The directors are also responsible for safeguarding the assets of the Cooperative and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Cooperative Societies Act, 1998. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Cooperative as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cooperative Societies Act, 1998.

In preparing these financial statements the directors have assessed the Cooperative's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the Cooperative will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 4 May 2018 signed on its behalf by:

  
\_\_\_\_\_  
CHAIRPERSON  
  
\_\_\_\_\_  
BOARD MEMBER

  
\_\_\_\_\_  
TREASURER

**Report of the independent auditor to the members of Care Cooperative Savings and Credit Society Limited**

**Qualified Opinion**

We have audited the financial statements of Care Cooperative Savings and Credit Society Limited (the Cooperative) set out on pages 7 to 32 which comprise the statement of financial position as at 31 December 2017, and the statement of income and expenditure 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Cooperative as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

**Basis for Qualified Opinion**

The Cooperative had differences between various control account balances and supporting listings. The differences have been written off as below.

- A prior year adjustment amounting to ZMW 2,362,613 (debit) has been passed affecting the general reserves as at 31 December 2015.
- A prior year adjustments amounting ZMW 623,470 (credit) has been passed affecting the general reserves at 31 December 2016.
- ZMW 390 has been debited to the statement of income and expenditure and other comprehensive income.

The differences arise from the following:

- Differences relating to loans and advances ZMW 1,460,932 (net credit).
- Differences relating to receivables from member organisations ZMW 100,572 (net debit).
- Differences relating to members' shares ZMW 10,500 (net debit).
- Differences relating to members' savings ZMW 389,673 (net credit).
- The net differences of all the above amounts to ZMW 1,739,533 (net credit).

We have not been provided with sufficient and appropriate audit evidence to support the differences or the write offs.

Additionally, the adjustments above have been written off to the general reserves. We have not been provided sufficient and appropriate support to verify the classification of the write off.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Cooperative in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Other matter**

The financial statements of the Cooperative for the year ended 31 December 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 19 April 2017.



#### Other information

The directors are responsible for the other information. The other information comprises the Cooperative information, the directors' report and the schedule of expenditure but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairpersons' report and Committees' reports, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairperson's and the Committees' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the requirements of the Cooperative Society's Act, 1998, 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 has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Cooperative 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 those charged with governance 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


We report to you, based on our audit that, with the exceptions of the matters reported in the Basis of Qualified Opinion section of our report:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion proper books of accounts have been kept by the Cooperative, so far as appears from our examination of those books; and
- iii. The Cooperative's statement of financial position and statement of income and expenditure and other comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this report of the independent auditor is Steve Chibwe – practicing certificate number AUD/F000370.

  
Chartered Accountants

  
Steve Chibwe

  
LUSAKA

2018

Our reference: AR/LSK/022/18



Care Cooperative and Credit Society Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2017

STATEMENT OF FINANCIAL POSITION

		As at 31 December		
	Notes	2017 ZMW	2016 ZMW Restated	2015 ZMW Restated
<b>ASSETS</b>				
Property, plant and equipment	12	2,126,172	3,796,699	3,626,967
Investment property	13	3,418,817	-	-
Intangible assets	14	105,376	176,166	-
Cash and bank balances	15	7,517,405	6,130,801	2,334,121
Loans and advances	16	42,221,297	32,025,285	23,121,462
Financial assets	17	9,016,610	5,178,056	4,326,721
Other receivables	18	147,084	859,443	3,090,469
Due from related parties	22	1,130,066	960,773	-
<b>Total assets</b>		<b>65,682,827</b>	<b>49,127,223</b>	<b>36,499,740</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Members' shares	10	1,189,900	748,900	704,000
Share premium		4,134,774	437,660	-
Revaluation reserves		2,029,712	1,869,510	1,869,510
Capital fund		950,000	450,000	250,000
Insurance fund		515,326	225,214	216,195
General reserves		1,637,063	(282,901)	59,101
Educational fund		573,909	451,077	408,634
Retained earnings		-	597,031	-
Proposed dividend	26	2,082,375	685,951	1,803,204
		<b>13,113,059</b>	<b>5,182,442</b>	<b>5,310,644</b>
<b>Liabilities</b>				
Members' saving	19	51,241,420	42,993,173	30,575,813
Provisions	20	253,556	121,896	160,840
Other payables	21	1,074,792	829,712	452,443
		<b>52,569,768</b>	<b>43,944,781</b>	<b>31,189,096</b>
<b>Total equity and liabilities</b>		<b>65,682,827</b>	<b>49,127,223</b>	<b>36,499,740</b>

The financial statements and the notes on pages 7 to 32 were approved and authorised by the board on the 4 May 2018 and were signed on its behalf by:

  
CHAIRPERSON  
  
BOARD MEMBER

  
TREASURER

The notes on pages 11 to 32 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 6.

Care Cooperative and Credit Society Limited  
Annual Report and Financial Statements  
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STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

	Notes	2017 ZMW	2016 ZMW Restated
Interest income	2	8,906,482	5,070,280
Fees	3	411,358	350,114
Interest expense	5	(2,690,144)	(2,027,627)
Impairment of loans and advances	4	(410,462)	(62,816)
<b>Operating surplus</b>		<b>6,217,234</b>	<b>3,329,951</b>
Gain on fair value on investment property	13	1,027,447	-
Impairment/write back of receivables and payables	Sch 3	(390)	623,470
Administrative expenses	Sch 1	(3,452,509)	(2,138,521)
Board and committee expenses	Sch 2	(244,637)	(214,954)
Finance costs	6	(216,265)	(92,479)
<b>Net operating surplus</b>		<b>3,330,880</b>	<b>1,507,467</b>
Other income	7	213,917	297,271
<b>Surplus before tax</b>		<b>3,544,797</b>	<b>1,804,738</b>
Income tax expense	9	-	-
<b>Surplus for the year</b>		<b>3,544,797</b>	<b>1,804,738</b>
<b>Other comprehensive surplus:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Gains on property revaluation	12	160,202	-
<b>Total other comprehensive surplus</b>		<b>160,202</b>	<b>-</b>
<b>Total comprehensive surplus for the year</b>		<b>3,704,999</b>	<b>1,804,738</b>
<b>Total comprehensive surplus for the year is attributable to:</b>			
- Distributable reserves		2,158,598	1,309,421
- Capital funds		500,000	200,000
- General reserves		708,959	236,254
- Educational fund		177,240	59,063
- Revaluation reserves		160,202	-
		<b>3,704,999</b>	<b>1,804,738</b>
<b>Dividend:</b>			
Proposed dividend for the year	26	2,082,375	735,744

The notes on pages 11 to 32 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 6.

Care Cooperative and Credit Society Limited  
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STATEMENT OF CHANGES IN EQUITY

	Capital Fund ZMW	Insurance Fund ZMW	General Reserves ZMW	Educational Fund ZMW	Other Reserves Total ZMW	Members' Shares ZMW	Share Premium ZMW	Revaluation Reserves ZMW	Proposed Dividends ZMW	Retained Earnings ZMW	Total ZMW
<b>31 December 2016</b>											
At start of year	250,000	216,195	2,421,714	408,634	3,296,543	704,000	-	1,869,510	-	1,803,204	7,673,257
As previously stated	-	-	(2,362,613)	-	(2,362,613)	-	-	-	-	-	(2,362,613)
Prior year adjustment											
Restated	250,000	216,195	59,101	408,634	933,930	704,000	-	1,869,510	-	1,803,204	5,310,544
Utilised	-	-	(587,544)	(16,620)	(604,164)	-	-	-	-	-	(604,164)
Issue of shares	-	9,019	9,288	-	18,307	44,900	437,660	-	-	-	500,867
Dividends - Paid	-	-	-	-	-	-	-	-	-	(1,829,643)	(1,829,643)
Proposed	-	-	-	-	-	-	-	-	685,951	(685,951)	-
Total comprehensive surplus	200,000	-	236,254	59,063	495,317	-	-	-	-	1,309,421	1,804,738
At end of year	450,000	225,214	(282,901)	451,077	843,390	748,900	437,660	1,869,510	685,951	597,031	5,182,442
<b>31 December 2017</b>											
At start of year	450,000	225,214	2,667,256	451,077	3,793,547	759,400	437,660	1,869,510	-	659,521	7,519,638
As previously stated	-	-	(2,326,696)	-	(2,326,696)	(10,500)	-	-	-	-	(2,337,196)
Prior year adjustment											
Restated	450,000	225,214	340,560	451,077	1,466,851	748,900	437,660	1,869,510	-	659,521	5,182,442
Utilised	-	-	-	(54,408)	(54,408)	-	-	-	-	-	(54,408)
Issue of shares	-	-	-	-	-	441,000	3,697,114	-	-	-	4,138,114
Dividends - Paid	-	-	-	-	-	-	-	-	-	(735,744)	(735,744)
Proposed	-	-	-	-	-	-	-	-	2,082,375	(2,082,375)	-
Movement	-	290,112	587,544	-	877,656	-	-	-	-	-	877,656
Total comprehensive surplus	500,000	-	708,959	177,240	1,386,199	-	-	160,202	-	2,158,598	3,704,999
At end of year	950,000	515,326	1,637,063	573,909	3,676,298	1,189,900	4,134,774	2,029,712	2,082,375	-	13,113,059

The notes on pages 11 to 32 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 6.

- Capital Fund has been created to facilitate the procurement of software and other capital items.
- Loan insurance reserve represents 1% of the value of the Building, Premium, Ordinary and Land loans. It is used for self insurance against possible losses on these loans.
- General reserve represents 20% of appropriated profits set aside to strengthen the capital base of the Cooperative.
- Educational Fund represents 5% of appropriated profits set aside for the purpose of financing the Cooperative's education, training and information dissemination to members and prospective members.
- Members' shares represent members' residual interest in the assets of the Cooperative after deducting all of its liabilities.
- Share premium reserve represents the amount the Cooperative raised on the issue of shares in excess of the par value of the shares.
- Revaluation reserve relates to accumulated surplus on revaluation of property and investment property.
- Proposed dividends represents dividends proposed during the year out of appropriated profits.
- Retained earnings represent 75% of the appropriated profits for the year. Retained earnings is carried forward profits plus current year profit less dividends distributed.



Care Cooperative and Credit Society Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2017

STATEMENT OF CASH FLOWS

	Notes	2017 ZMW	2016 ZMW Restated
<b>Operating activities</b>			
Operating surplus for the year		3,544,797	1,804,738
<b>Adjusted for:</b>			
Depreciation on property, plant and equipment		140,927	170,317
Amortisation of intangible assets		70,790	28,323
Gain on disposal of property, plant and equipment		(26,276)	-
Net increase in fair value of investment property		(1,027,447)	-
<b>Operating profit before changes in operating funds</b>		<u>2,702,791</u>	<u>2,003,378</u>
Increase in loans and advances to members		(10,196,012)	(7,010,052)
(Increase)/ decrease in other receivables		543,066	(623,518)
Increase in other payables		245,080	377,270
Increase/(decrease) in provisions		<u>131,660</u>	<u>(38,945)</u>
<b>Net cash (used in) operating activities</b>		<u>(6,573,415)</u>	<u>(5,291,867)</u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		80,000	-
Purchase of property, plant and equipment	12	(167,748)	(340,049)
Purchase of intangible assets		-	(204,489)
Purchase of financial assets (maturing after 91 days)	17	<u>3,678,056</u>	<u>(851,335)</u>
<b>Net cash in flow/(out flow) from investing activities</b>		<u>3,590,308</u>	<u>(1,395,873)</u>
<b>Cash from financing activities</b>			
Net increase in members' savings		8,248,247	12,417,360
Net increase in members' shares		441,000	44,900
Net increase in share premium account		3,697,114	437,660
Net increase in insurance reserves		290,112	9,019
Net increase in general reserves		-	(578,256)
Educational fund expenses		(54,408)	(16,620)
Dividends paid	26	<u>(735,744)</u>	<u>(1,829,643)</u>
<b>Cash from financing activities</b>		<u>11,886,321</u>	<u>10,484,420</u>
<b>Increase in cash and cash equivalents</b>		<u>8,903,214</u>	<u>3,796,680</u>
<b>Movement in cash and cash equivalents</b>			
Increase in cash and cash equivalents		8,903,214	3,796,680
Cash and cash equivalents at the beginning of the year		<u>6,130,801</u>	<u>2,334,121</u>
<b>Cash and cash equivalent at the end of the year</b>	15	<u>15,034,015</u>	<u>6,130,801</u>

The notes on pages 11 to 32 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 and 6.

## ATTENDANCE LIST - CARE COOP AGM 22 APRIL 2017

No.	FullNames	Organization	No.	FullNames	Organization
1	MarthaKasempa	CareCoop	131	MarjorieMwiinde	PinewoodSchool
2	PenziHanzooma	CareCoop	132	BernadetteNyemba	CIDRZ
3	MutaleNsofu	CIDRZ	133	PhillipLisa	SFH
4	ChipoSiatubi	CIDRZ	134	NoahHalwiindi	EFC
5	GwendolynMwale	CIDRZ	135	LazarusMwale	PlanInternational
6	LloydSimutowe	CareCoop	136	AlumandaShakankale	CIDRZ
7	MavisTembo	BananiSchool	137	NellyNyirenda	GeneralMember
8	RabsonLiobeka	BananiSchool	138	ChoolweHaamujompa	CRS
9	MuhauMulilo	BananiSchool	139	RonMwanza	PlanInternational
10	AbrahamSakala	PATH	140		
11	ChaliSelisho	GeneralMember	141	StephenBwalya	ZAMBART
12	StephenMukumbuta	GeneralMember	142	GraceMoyo	WorldFish
13	PatrickNyendwa	GeneralMember	143	HambleSibooli	GeneralMember
14	MafuteMwape	PinewoodSchool	144	PatsonSakala	SFH
15	InongeMangambwa	CIDRZ	145	HarryNgoma	GeneralMember
16	ChristopherLungu	PlanInternational	146	BarronBanda	GeneralMember
17	AngelinaKwiliko	PlanInternational	147	BostonSimfukwe	EFC
18	AgnessK.Bwalya	EmbassyofIreland	148	FebbyNjamba	VVOB
19	NamweneChempausha	PlanInternational	149	NomsaMoyo	EFC
20	PamelaSiluwe	GeneralMember	150	JoyZulu	EFC
21	PeterFunsani	GeneralMember	151	JohnSinyangwe	CIDRZ
22	WilfredManda	ECR	152	MusondaMulozi	GeneralMember
23	FrederickNgwenya	ZAMBART	153	LydesKaira	GeneralMember
24	JacksonMukupu	COMACO	154	ObrienLuneta	CIDRZ
25	JosephA.Phiri	FRA	155	StellaBwalya	CIDRZ
26	BlackwellKunda	FHI360	156	JackPhiri	CIDRZ
27	JoyceChalongwa	GeneralMember	157	BonifacePhiri	CIDRZ
28	ChilufyaNyirenda	CIDRZ	158	MarthaPhiri	CIDRZ
30	SylviaFungamwango	CIDRZ	159	TeddyKabunda	Oxfam
31	FeelingsMusonda	HabitatforHumanity	160	MwiingaMwendalubi	CIDRZ
32	ChristineNgalu	HabitatforHumanity	161	ChijanaKalama	CIDRZ
33	MwandoChitila	VVOB	162	EmmanuelMudenda	CIDRZ
34	JohnNyirongo	GeneralMember	163	PaulPandala	CIDRZ
35	GordonMwanza	CIDRZ	164	ChilesheNkonde	CIDRZ
36	LeonardKambimbi	PlanInternational	165	AgnessMtonga	VVOB
37	JudithMwase	GeneralMember	166	CarolMwiinga	GeneralMember
38	MosesZimba	CIDRZ	167	MasantaChilasha	CIDRZ
39	AlfredTembo	GeneralMember	168	MwilaChibuye	CIDRZ
40	EstellaKalunkumya	CIDRZ	169	SibesoChipwaya	GeneralMember
41	FebbyB.Kawanga	GeneralMember	170	GiftKalaba	GeneralMember
42	BrendaChibawe	GeneralMember	171	RabeccaMutale	PinewoodSchool
43	RabeccaShawa	GeneralMember	172	AbrahamAlutuli	GeneralMember
44	HastingsMwewa	SFH	173	FidelityMilambo	CRS
45	MaureenHambayi	PinewoodSchool	174	AaronMwale	GeneralMember
46	JosephKakule	GeneralMember	175	CholaChifukushi	ChildFund
47	MuyundaSiyambango	CIDRZ	176	IsaacMuleba	CareCoop
48	MiniverMunkanta	SFH	177	VincentKawaya	PlanInternational
49	SarahN.Lowole	LandO'Lakes	178	RichardBanda	GeneralMember
50	MableTayler	GeneralMember	179	LawrenceMuuma	CIDRZ
51	CatherineKagulwa	FHI360	180	BrightKulukulu	EGPAF
52	ImmaculateChinyemba	PlanInternational	181	PaulMuwowo	GeneralMember
53	DennyKapambwe	CareInternational	182	ChifundoPhiri	CIDRZ
54	PaulHara	CareInternational	183	ClementMwakamui	ZAMBART
55	AnthonyWillombe	CIDRZ	184	WilliamsPhiri	ZAMBART

No.	FullNames	Organization	No.	FullNames	Organization
56	LastoneTembo	CareInternational	185	SydneyKanyanta	EFC
57	VenerandaNhundu	GeneralMember	186	FlorenceMulenga	GeneralMember
58	TamaraMoyo	CIDRZ	187	VeronicaMachungwa	GeneralMember
59	ChibiMiyanda	JSI	188	BelindaMkandawire	GeneralMember
60	PraiseChikunjika	PlanInternational	189	MwewaLisa	BananiSchool
61	ThelmaChulu	AbtAssociates	190	HenrySifunalwa	BananiSchool
62	ChilesheBwalya	CIDRZ	191	GoliathSiwale	BananiSchool
63	EsnartMumba	CIDRZ	192	OdwellSimalambo	BananiSchool
64	ReadHakantu	CIDRZ	193	KennyKapata	GeneralMember
65	PaulChileshe	CIDRZ	194	HilaryMpande	PATH
66	MartinSekeleti	WEEffect	195	NicholasMunkinyi	CRS
67	HenryChitambo	CareInternational	196	PatriciaMukumbuta	GeneralMember
68	LadyMushanga	CSPR	197	RichardMwape	GeneralMember
69	EphraimSakala	ZAMBART	198	DianaChinokoro	GeneralMember
70	RhodahNyimbiri	HabitatforHumanity	199	RoseLungu	PlanInternational
71	RosieLumbi	GeneralMember	200	PatrickKapaya	CIDRZ
72	LindaMeki	GeneralMember	201	BwaliNdau	SNV
73	DorothyChabala	GeneralMember	202	NgozaZulu	CIDRZ
74	MukwaMuliwana	PATH	203	PaulLizu	CIDRZ
75	ChilungaPutu	PATH	204	LeonardMulenga	ZAMBART
76	ChimukaMuyuni	EGPAF	205	KennedyChipampe	SNV
77	GwatiChitalima	GeneralMember	206	CarlintonKachokola	BananiSchool
78	Lane-LeeLyabola	CIDRZ	207	JullyChilambwe	GeneralMember
79	RegisGwaba	GeneralMember	208	BwalyaChishimba	GeneralMember
80	KudakwacheMucheke	CIDRZ	209	PaulineZulu	PlanInternational
81	CharltonKakene	GeneralMember	210	GeraldMuche	CIDRZ
82	FlorenceMbewe	GeneralMember	211	GloriaJuma	SFH
83	BeatriceMwila	GeneralMember	212	ChinditaSakala	WorldFish
84	HilaryMpande	PATH	213	CheerSinyinda	GeneralMember
85	AndrewMulenga	PATH	214	NancyNamonje	CIDRZ
86	AbrahamSakala	PATH	215	ReaganZulu	GeneralMember
87	BerthaChinyanta	PlanInternational	216	MubangaChama	PlanInternational
88	AgnesBwalya	EmbassyofIreland	217	VeronicaZulu	AbtAssociates
89	NobleMisaisheni	GeneralMember	218	MarkKatoto	GeneralMember
90	FaustinaChisenga	GeneralMember	219	BesaMwale	UNC
91	MaryBanda	CIDRZ	220	TamalaGoma	UNC
92	MarthaMwendafilumba	CIDRZ	221	KelvinNyambe	CIDRZ
93	GenevieveMusokwa	GeneralMember	222	GivenNg'ombe	CIDRZ
94	MwansaPintu	WaterAid	223	JamesMusukwa	CIDRZ
95	KamiyiShimishi	VVOB	224	WilfredKampamba	CIDRZ
96	JaneZulu	Africare	225	ModestaChileshe	UNC
97	JennyNyirenda	CareCoop	226	AlfredChitomfwa	GeneralMember
98	JoyceDube	CIDRZ	227	ElizabethMbinga	PATH
99	SharonMufwempa	CIDRZ	228	HambazaKanyemba	CareInternatio
100	WallaceSilwenga	CareCoop	229	FreddieSimbeya	PinewoodSchool
101	JosephChileshe	CareCoop	230	CynthiaKalaluka	PATH
102	ReginaMunsanje	SavetheChildren	231	SolomonSimalumba	PACT
103	LankieNgulube	CIDRZ	232	PharonManda	CareCoop
104	GertrudeMusonda	Africare	233	FredMusonda	CareCoop
105	MathiasSimwinga	CIDRZ	234	WilliamBesa	BananiSchool
106	EmmanuelSilondwa	BananiSchool	235	BrendaMachisa	BananiSchool
107	AndrewMulenga	PATH	236	NoatiGize	ZAMBART
108	AnneNjovu	CIDRZ	237	KellySiame	EmbassyofIreland
109	HenryMulenga	CRS	238	ThomasMupashi	GeneralMember
110	BesnartNg'andu	GeneralMember	239	EmmanuelLumbwe	CIDRZ



No.	FullNames	Organization	No.	FullNames	Organization
111	StanleyMwale	CIDRZ	240	CholaMumba	GeneralMember
112	InambaoIlubala	GeneralMember	241	LillianMubanga	CRS
113	NormanMwansa	PCI	242	CharlesMwansa	GeneralMember
114	NaomiSakanjole	IPAS	243	MosesMusikanga	ProfitPlus
115	LovenessMulongo	PlanInternational	244	EzechiasMasabaro	PinewoodSchool
116	AngelaSampa	PinewoodSchool	245	DennisMulenga	PlanInternational
117	PriscaLukwanda	PinewoodSchool	246	VictorMwale	GeneralMember
118	JohnManda	WorldVision	247	JacintaShilimi	CIDRZ
119	MamboChiluwe		248	GraceBwalya	CIDRZ
120	CarolynChibundi	CIDRZ	249	MatildaNkashi	CRS
121	HelenChirwa	GeneralMember	250	MazombweMuweme	EFC
122	BridgetChanda	CareInternational	251	ChongoMusonda	CIDRZ
123	SarahChipangura	ZAMBART	252	GriffenChetulo	CIDRZ
124	StevenSakala	CIDRZ	253	EdwardGoma	Diakonia
125	AnnieKamanga	EFC	254	MusondaChitambo	CIDRZ
126	RabsonMwanza	CIDRZ	255	WellingtonChota	GeneralMember
127	JaneTembo	SFH	256	KalasaChileya	CIDRZ
128	StephenMulenga	GeneralMember	257	PaulKalichini	CIDRZ
129	MugalaNtasuwila	CIDRZ	258	JosephPhiri	CIDRZ
130	JosphatMukuka	CIDRZ			

## 2017 OBITUARIES

The following Care Coop members passed away during the period 1<sup>st</sup> January 2017 up to 31<sup>st</sup> December 2017.

Mr. Stephen Filumba, **Save The Children**

Mr. Frank P. Chisamanga, **COMACO**

Mr. Victor Moyo, **Musika**

Mrs Giffer Chaambwa Chanda, **CIDRZ**

Kenneth M`hango, **EFC**

Mrs. Patricia K. Lamba, **Plan International Zambia**





