CARE COOPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED

ANNUAL REPORT 2018

2018 HIGHLIGHTS

Total Assets K78,785,112 up by 17%

Loan Accessed K53,988,777 up 25%

Net Operating Profit K7.61million, up by 54%

Total Membership 4,278 up 55%

Total Member Organizations 72, up 14%

Dividend per Share K113.16 up by 27%

Amount raised from Share Offer = K4,114,655

Everything grows at CareCoop

CONTENTS

OUR LOAN PRODUCTS

Car Loan
Maximum K250,000 at 1.25% interest per month, up to 36 Months.

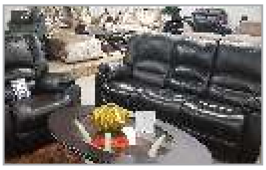
Rental Plus Loan
Maximum is up to three times the applicant's basic pay, at 1.5% interest per month, up to 12 Months.

Building Loan
Maximum K300,000 at 1% interest per month, up to 36 Months.

Home Improvement Loan
Maximum K20,000 at 1% interest rate per month, up to 8 Months.

Emergency Loan
Maximum K15,000 at 1% interest per month, up to 4 Months.

CareCoop & Non CareCoop Land Loan
Maximum K250,000 at 1% interest per month, up to 36 Months.



Commodity Loan
Maximum K250,000 at 1.25% interest per month, up to 36 Months.

Water Solution Loan
Maximum K20,000 at 0% interest per month, up to12 Months.

Education Loan
Maximum K30,000 at 1.5% interest per month, up to 8 Months.

Vehicle Insurance Loan
Maximum 5% of the purchase price of the vehicle being insured, at 1% interest per month, up to 12 Months.

Premium Loan
Maximum is twice the applicant's savings, at 2% interest per month, up to 18 Months.

Share Financing Loan
The loan amount is up to the maximum value of the Share Offering at a particular time, at 1% interest per month, up to 12 Months.

Ordinary Loan
Maximum is up to twice the applicant's savings, at 1% interest per month, up to 36 Months.

Loan Consolidation
This applies only to members that already have existing loans that they would like to consolidate. Maximum K300,000 at 1.5% interest rate month, up to 36 Months.

Family Holiday Loan
Maximum K20,000 at 1.25% interest per month, up to 8 Months.

Medical Insurance Premium Loan
Maximum K50,000 at 1% interest rate per month, up to 12 Months.

ABOUT CARECOOP

The Care Cooperative Savings and Credit Society Limited (CareCoop) came into being in 1995 based on an agreement signed by three organizations namely, CARE International in Zambia, Plan International and PULSE Holdings Limited. CareCoop has continued to draw its membership from staff of these organizations. Following the amendments of the Cooperative By-Laws in 2004, the Cooperative opened up to any other interested Non-Governmental organizations. It later opened its doors to other organizations which are not in the NGO sector. Members of Non NGO sector are considered Associate Members.

Since its formation in 1995 CareCoop has offered various services to its members which are mainly savings and loan products. The benefits of being a CareCoop member include:

1. Loans at favorable interest rates.
2. Different types of loans
3. Interest on savings
4. Dividends on shares held by members
5. Variety of products provided to members to suite various circumstances.

From an initial 50 members in 1995, CareCoop has grown to over 3000 active members as at 31 December 2018.

THE MISSION

To provide affordable and flexible financial services and products to members through savings, loans and investments in an efficient, effective and transparent manner to enhance members' standard of living.
The mission statement is based on the CareCoop core values of **accountability, transparency, integrity, respect, excellence, and commitment.**

THE VISION

To be a leading and dynamic cooperative in Zambia offering affordable financial services and products to its members

BOARD CHAIRPERSON'S REPORT

1. **Introduction**

Distinguished invited guests and fellow co-operators, it gives me great joy to welcome you to this year's Annual General Meeting (AGM). By every measure, 2018 was a phenomenal year for CareCoop, in that it presented several positive changes for the Cooperative. What has not changed however, is the unique ability of CareCoop to continue to adapt to an environment that remains volatile and challenging and respond in a manner that reflects our quality and experience.

During 2018, we conducted a thorough review of our business. We handled the challenges of yester year in an even stronger and more decisive manner. At the 2017 AGM, we announced a range of initiatives targeting improved performance, reconciled financial statements, a new strategic plan, a strengthened management team and a better return of our members' investment. We started the 2018 financial year with these initiatives.

2. **Financial and Growth Performance**

In 2018, CareCoop improved its annual earnings from ZMW9,317,840 in 2017 to ZMW15,619,023 in 2018, which resulted in an increment in the corresponding net profit of ZMW 7,611,611 in 2018 compared to ZMW3,544,797 in 2017. Similarly, the statement of financial position for the cooperative grew from ZMW65,682,827 in 2017 to ZMW78,785,112 in 2018, representing a growth rate of 17%. These positive results can be attributed to among others; a massive innovative redesigning and launching of loan products which saw an increase in loan uptake from 4,153 in 2017 to 4,446 in 2018. Additionally, CareCoop recruited a total of 17 new member organizations. I wish to advise that is this year's financial statements the 2017 comparatives have been reinstated to take into account the impact of International Financial Reporting Standard (IFRS 9).

3. **Reconciliation of Financial Statements**

I am pleased to report to you, fellow Co-operators, that financial accounts that led to the qualifications of audited financial statements for the year ended 2017 have been successfully reconciled and an interim audit by PKF Chartered Accountants confirmed this status during the Extraordinary General Meeting (EGM) on 15th December 2018. We will continue to overhaul the affairs of CareCoop to the highest standard of stewardship.

4. **Loan Processing Lead Times**

During the last AGM, the Board of Directors made a commitment to improve lead times with which emergency loans were processed to within 48hours. Management endeavored to achieve this feat and, in some instances, exceeded it. Additionally, all other loan types were subjected to a similar lead time. Whereas we acknowledge that not all loans were processed within established lead times, it is the intention of this Board of Directors to ensure that Management doubles its effort to consistently process all loans within established lead times, as one of the measurable performance objectives in the new performance management system.

5. IFRS 9

My fellow Co-operators, the International Accounting Standards Board (IASB) developed the International Finance Reporting Standards (IFRS) 9 that came into force on 1 January 2018, replacing International Accounting Standards (IAS) 39. IFRS 9, as an auditable standard, has the following implications on institutions such as CareCoop:

a) More income statement volatility. IFRS 9 raises the risk that more assets will have to be measured at fair value with changes in fair value recognized in profit and loss as they arise.

b) Earlier recognition of impairment losses on receivables and loans, including trade receivables. Entities will have to start providing for possible future credit losses in the very first reporting period a loan goes on the books – even if it is highly likely that the asset will be fully collectible.

c) Significant new disclosure requirements—the more significantly impacted may need new systems and processes to collect the necessary data.

To comply with the above standards, CareCoop retained services of BDO to come up with a model that the Board of Directors approved for implementation. You will, therefore, note a difference in the way the 2018 financial statements were prepared and presented. To minimize any negative impact of IFRS 9, we appeal to our members to ensure that they service their loans and not allow any to become delinquent. Any impairment has far-reaching implications on interest on savings and dividends. Furthermore, we will have to be deliberate as a cooperative to not only encourage our members to get loans, but also better their savings as a way of cushioning the impact of IFRS 9.

6. Work Load Analysis

A desire for better service driven by appropriate workload for our staff compelled the Board of Directors to conduct a workload analysis to establish the ideal level of work each staff would undertake through a scientific process. Brilliance Executive Management Consultancy was engaged to conduct a workload analysis, the results of which were assimilated into the Strategic Plan.

7. 2018 – 2021 Strategic Plan

The CareCoop Management and staff completed formulating a new 2019 – 2021 strategic plan, which the Board of Directors was happy to approve. The Strategic Plan was a product of effective collaboration of CareCoop and its key stakeholders, with technical support from Lyco Business Solutions Ltd. The plan endeavors to provide guidance to Management and staff on offering efficient services to members within the continuously changing and competitive economic environment. Anchored by six strategic objectives, the Strategic Plan focuses on four main areas of excellence namely; customer satisfaction, retention and market share; financial profitability; internal business processes improvement; learning and growth.

While the ultimate implementation of the plan rests on the shoulders of the CareCoop Management and staff, all stakeholders including CareCoop's Board of Directors, Supervisory Committee and the membership, will have to be active participants if we must achieve the envisaged goals.

8. New Corporate Structure

Emanating from the results of the Strategic Plan and workload analysis and the tremendous growth CareCoop has recorded in the last four years, the Board of Directors approved a new corporate organizational structure that is futuristic in nature, with implementation expected to be staggered over the life of the Strategic Plan. The organizational structure's ultimate purpose is to take CareCoop to another level in its development, at the same time elevating the role of the Board of Directors to strategic policy and direction. We must all see CareCoop as a large corporation, that embraces good corporate governance tenets and achievement of such goals require investing in the right structures to get us there.

9. Performance Management System

As the Board of Directors steps away and allows Management and staff to assume the full responsibility of running the affairs of CareCoop, a new performance management system was instituted cascading staff objectives from the Strategic Plan to individual staff goals, with a clear mechanism for measuring and reward performance.

10. Revised By-Laws

The EGM of 15December 2018 approved revisions to the By-Laws to achieve among other things, strengthening the role of Management in running the affairs of CareCoop – while at the same time clearly defining the roles of the Board of Directors and the Risk and Audit Committee (formerly Supervisory Committee). Members may wish to know that the By-Laws also provided for the long-standing issue of the Board of Directors only having one meeting per quarter, as opposed to meeting monthly.

11. Conclusion

In conclusion, allow me to thank some Board Members who are either retiring from the Board after two (2) terms or completing the first term. Mr. Abraham Alutuli, Mrs. Diana Mulenga-Chinokoro and Mr. Chimuka Muyuni have rendered unparalleled service to CareCoop over the last six (6) and we honor them for contributing to what CareCoop is today. Similarly, we thank Ms. Rose Lungu for the impactful three (3) years on the board.

Lastly, we thank you for attending this AGM and for the fruitful contributions. I thank you.

Mr. Fidelity Milambo

BOARD CHAIRPERSON

Notice for Annual General Meeting

NOTICE is hereby given that the 24th Annual General Meeting (AGM) of the members of the Care Cooperative Savings and Credit Society Ltd in respect of the year ended 31th December 2018 will be held on **13th April 2019 at Mulungushi International Conference Centre, 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 2017 AGM and 2018 EGM Minutes
5. Board Chairperson's Speech
6. Speech by the Guest of Honour – Ministry of Commerce, Trade and Industry
7. Presentation of Awards
8. Auditors' Opinion on 2018 Audited Financial Statements
9. Presentation and Adoption of 2018 Audited Financial Statements
10. Declaration of dividends and Interest
11. Selection of the 2019 Auditors
12. Adjustment to Board Allowances
13. Supervisory Committee's Report
14. Presentation of Answers to pre-sent questions
15. Election of Board Members
16. Closing Remarks, Prayer and Lunch

Issued by Order of the Board on 20th March 2019

Daniel Banda (Mr.)
BOARD SECRETARY

Encl.

1. 2017 AGM Minutes
2. 2018 EGM Minutes

Our Member Organisations

No.	Organisations
1	ABT
2	Action Aid
3	Africare
4	Afya Mzuri
5	Agricultural & Commercial
6	Banani
7	BBC Media
8	BII
9	British High Commission
10	Care Coopative
11	Care International
12	Caritas Chipata
13	Caritas Zambia
14	Chemonics
15	Child Fund
16	Children International
17	Chongwe Child Fund Development Agency
18	CIAT
19	CIDRZ
20	CMMB
21	COMACO
22	Concern World Zambia
23	Conservation farming Unit
24	Counterpart
25	CRS
26	CSPR
27	DFID
28	Diakonia
29	EGPAF
30	Embassy of Ireland
31	Expanded Church Response
32	FAWEZA
33	FHI360
34	FSDZ
35	General Members
36	GIZ
37	HABITAT
38	IAPRI

No.	Organisations
39	IDE
40	IPAS Zambia
41	JSI AIDFREE
42	JSI HEALTH
43	JSI SAFE
44	Kickstart
45	Mac Recruitment
46	Maryland University
47	Musika
48	Norwegian Church Aid
49	Oxfam
50	Pact Zambia
51	PATH
52	Pep Zambia - Nathan Associates
53	Pinewood
54	Plan International
55	Project Concern
56	PULSE/EFC
57	Repssi
58	Rural Fin Expansion Programme
59	SAT
60	SaveThe Children
61	SFH
62	SNV
63	TECHNOSERVE
64	UNC
65	VITALITE
66	VVOB
67	Wateraid
68	Weeffect(Swedish Embassy)
69	World Vision
70	Worldfish
71	ZAC
72	ZAMBART
73	Zambian Governance Foundation (ZGF)
74	ZCHARD
75	IPSOS

OUR BOARD OF DIRECTORS

Mr. Fidelity Milambo
Bsc., MBA, M.A.
Chairperson

Ms. Mary Banda
Graduate Dip. in Purchasing & Supply
FZIPS/MCIPS-UK
Vice Chairperson

Mr. Daniel Banda
BMC, MMC - UNZA
Board Secretary

Mr. Abraham Alutuli
MBA, FCCA, FZICA, Natech,
Certified AML/CFT Assessor
Treasurer

Mr. John Sinyangwe
AZICA, ACCA
Vice Treasurer

Ms. Rose Lungu
BSc Computing Science;NATech,
MCSA, A+, Network+
Board Member

Ms. Diana Chinokoro
Dip. Human Resources Management
Board Member

Mr. Chifundo Phiri
Cert. CNA, Dip. CT
Board Member

Mr. Lane-Lee Lyabola
BBA DipM MCIPS MCIM Msc
Member Member

OUR SUPERVISORY COMMITTEE

Mr. Chimuka Muyuni
Adv. Dip. Accounting, CAT ZICA Licentiate
Committee Chairperson

Mr. Kelly Siame
BAcc, FCCA, FZICA, MSc PPM
Committee Secretary

Ms. Elizabeth Makeche Mbao
FCCA, FZICA
Committee Member

CARECOOP STAFF

Boyd Sitwala
FCCA, FZICA, MAAT
General Manager

Fred Musonda
FCCA, FZICA, MAAT M&E
Compliance Manager

Godfrey Kabengele
MSc, ACCA, FZICA, ACIDEF
Finance Manager

Richard Chileshe
BSc ISM, CSE, CISA
IT Officer

Julie Malukutila
Msc Banking/Finance
Loans Officer

Emmanuel Musonda
BSc Applied Accounting, ACCA Advanced Dip
Accountant

Isaac Muleba
IZICA
Loans Officer

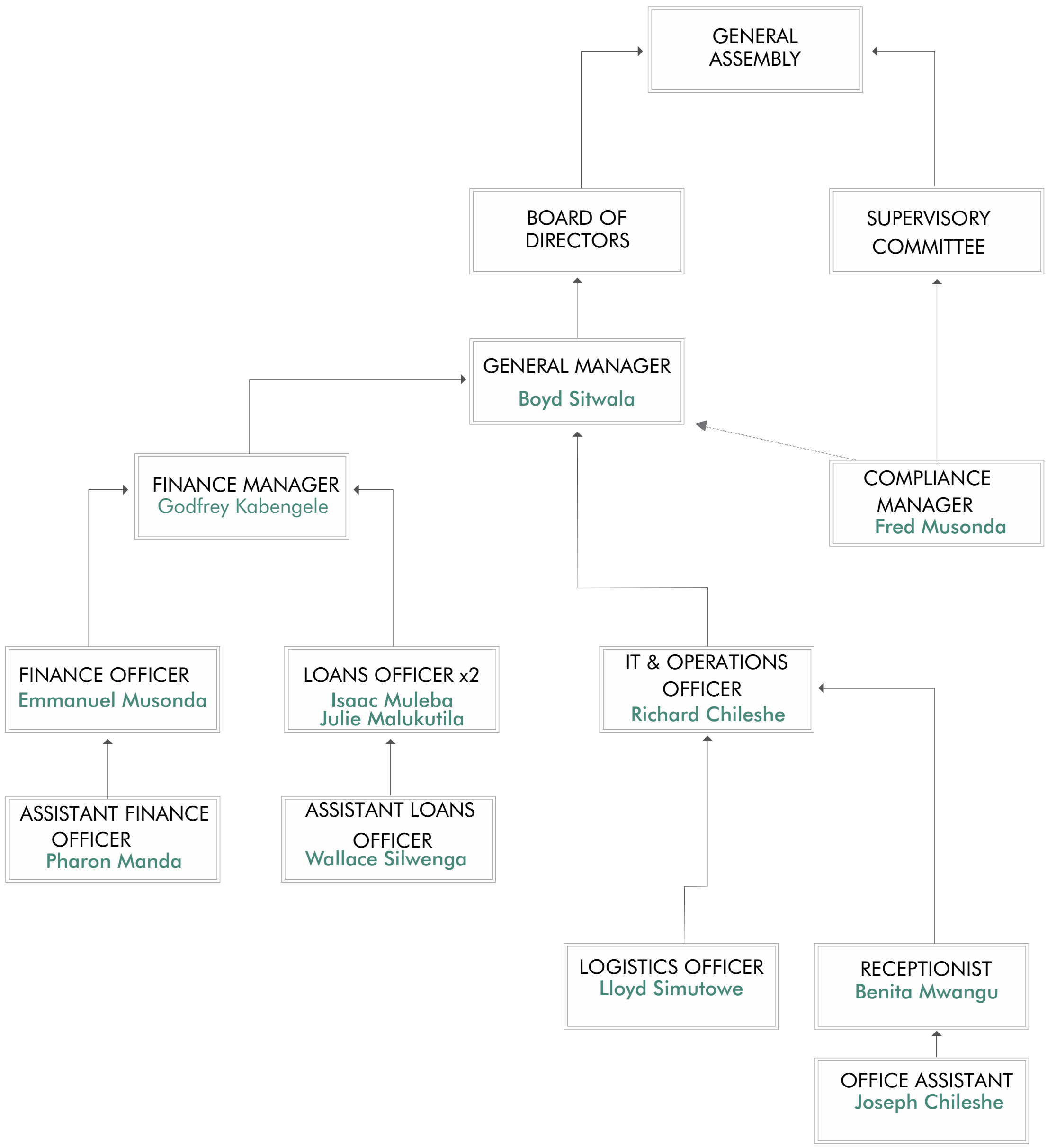
Benita Mwangu
Cert. HR Dip.PRA
Receptionist

Wallace Silwenga
Dip. CA
Credit Officer

Lloyd Simutowe
Cert. Auto Mechanics
Logistics Officer

Joseph Chileshe
GCE O level
Office Assistant

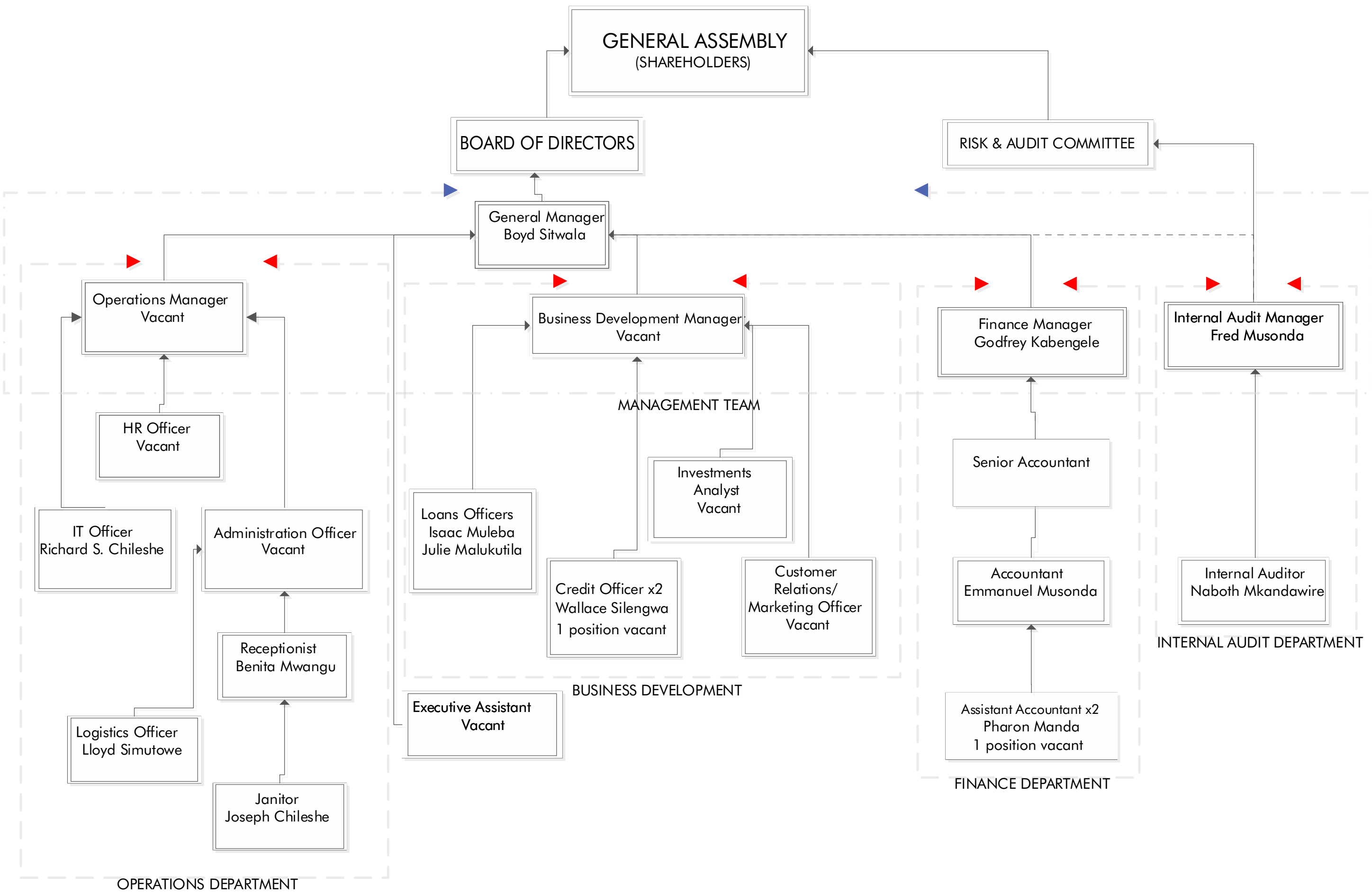
CARECOOP 2018 ORGANISATION CHART



Notes:

- General Assembly: Supreme decision-Making Body.
- Board of Directors: Consists of nine (9) elected Board Members
- Supervisory Committee: Consists of two (2) elected members and one (1) is appointed by the Board of directors
- Management: General Manager, Finance Manager and Staff
- Compliance: Compliance Manager

CARECOOP APPROVED ORGANSATION CHART EFFECTIVE 1st MARCH 2019



STRATEGIC PLAN 2019 - 2021

Strategic Areas of Excellence

01 Customer satisfaction/retention/market share

02 Financial/Profitability

03 Internal Business Processes: Improvement to processes

04 People growth, employee retention, skills development & motivation

2019 - 2021 Strategic Objectives

SO 1

Strategic Ojective

Grow the Cooperative through membership recruitment and retention by 2021

SO 2

Strategic Objective

Embrace Corporate Governance Principles through development and implementation of Policies and Procedures by 2021.

SO 3

Strategic Objective

Embrace technology through the development and implementation of effective and efficient system by 2021

SO 4

Strategic Objective

To Recruit And Retain Skilled Staff By 2021

SO 5

Strategic Objective

To Develop and implement a risk management framework by 2021

SO 6

Strategic Objective

To develop and implement a balanced responsible investment plan by 2021

Strategic Actions/Outcomes

1

Strategic Actions/Outcomes

Recruit at least 250 new members/year, develop communication & marketing plan, create strategic partnerships.

2

Strategic Actions/Outcomes

Develop Board Charter, Revise or Develop Corporate Polices, Revise organizational structure, Develop corporate needs assessment.

3

Strategic Actions/Outcomes

Carry out system audit, Implement results of system audit.

4

Strategic Actions/Outcomes

Revise HR Policies, Establish training needs and plan, Implement performance management system and staff welfare programs.

5

Strategic Actions/Outcomes

Develop and implement a risk management framework, Develop and implement an audit charter.

6

Strategic Actions/Outcomes

Carry out an investment scan, Develop a balanced responsible investment plan, Review investment plan.

MINUTES OF THE 23rd ANNUAL GENERAL MEETING (AGM) HELD ON SATURDAY, 12th MAY 2018 AT CRESTA GOLFVIEW HOTEL, LUSAKA

1. OPENING AND WELCOME REMARKS

The 2017 Annual General Meeting (AGM) was called to order at 09:12 hours by the Board Secretary, Mr. Fidelity Milambo. After confirming that the gathering the quorum as defined by the By-Laws, the Board Secretary welcomed all Members present. Thereafter, an introduction of the Care Cooperative Savings and Credit Society Ltd (hereinafter called "*CareCoop*") Board of Directors, Supervisory Committee, Management and Staff was done, and the Zambian national anthem sung.

2. MINUTE OF SILENCE FOR DEPARTED MEMBERS AND OPENING PRAYER

The Board Secretary read out names of CareCoop members who passed away in 2017 as follows:

1) Mr. Frank P. Chisamanga : COMACO
2) Ms. Giffer C. Chanda : CIDRZ
3) Mr. Kenneth Mhango : EFC
4) Mr. Victor Moyo : Musika
5) Ms. Patricia Lamba : Plan International
6) Mr. Stephen Filumba : Save the Children Zambia

A minute of silence was observed for the deceased members, followed by an opening prayer.

3. ADOPTION OF AGENDA

The Board Secretary read out the proposed agenda for the 2017 AGM for consideration as follows.

1) Arrival of Members and Registration
2) Welcome Remarks and National Anthem
3) Minute of Silence for Departed Members and Opening Prayer
4) Review, Correction and Adoption of 2016 AGM Minutes
5) Board Chairperson's Speech and CareCoop Website Launch
6) Speech by Guest of Honour from the Ministry of Commerce, Trade and Industry
7) Presentation of Awards
8) Auditor's Opinion on 2017 audited 2017 Audited Financial Statements
9) Presentation and Adoption of the 2017 audited Financial Statements
10) Re-appointment of the External Auditors for the 2017 financial year
11) Declaration of Dividend and Interest
12) Supervisory Committee Report
13) Presentation of CareCoop By-Laws Revisions and Disposal Policy
14) Presentation of the Pre-sent Questions and Answers
15) Election of Board of Directors
16) Closing Remarks/Prayer
17) Lunch

Mr. Stephen Mukumbuta (General Member) proposed the adoption of the agenda. Mr. Bwali Ndau (SNV) seconded the motion, following which the Agenda was adopted without any amendments.

4. REVIEW, CORRECTION AND ADOPTION OF THE 2015 AGM MINUTES

The Board Secretary led the AGM in reviewing the 2016 Annual General Meeting Minutes and the following minor corrections were made:

1)Page 1 under Section 1.1, "*Mr. Bwanda*" should read "*Mr. Bwali Ndau*"
2)Page 2 under Section 2.1 Item 7, "*Jikavi*" should read "*Jakubi*"

There being no further corrections, Mr. Chola David Chifukushi proposed the adoption of the minutes as a true reflection of the 2017 AGM proceedings. Ms. Helen Chirwa (General Member) seconded the motion. The motion was thus carried.

5. BOARD CHAIRPERSON'S SPEECH

5.1 Introduction

The Board Chairperson, Dr. Chilunga Puta, was invited to deliver the Board Chairperson's Speech. The Board Chairperson welcomed all members present to the 2017 AGM, stating that 2017 was both a challenging and exciting year for CareCoop. She was confident that with a strong Board of Directors, an innovative, dynamic and strategic Management and Staff, augmented with a strong Supervisory Committee and Compliance Unit, CareCoop will rise to great heights. She informed the AGM that she was stepping down as Board Chairperson at the end of AGM.

5.2 Financial Achievements Highlights

During 2017, CareCoop improved its annual earnings from ZMW 5,420,394 in 2016 to ZMW 9,317, 840 in 2017, which resulted into an increment in the corresponding net profit of ZMW 3,544,797 in 2017, compared to ZMW 1,804,738 in 2016. In the same vein the statement of financial position for the Cooperative grew from ZMW 49,127,223 in 2016 to ZMW 65,682,823 in 2017. CareCoop maintained a healthy cashflow throughout the year and was able to meet loan demands at all times throughout 2017.

However, the Board Chairperson expressed concern that despite the foregoing achievement, there were still significant defaulters who owe significant amounts of money to CareCoop. She emphasized the need by CareCoop members to borrow and pay back, as well as to embrace the culture of saving for personal and corporate gain.

The Board Chairperson stated that the improved performance by CareCoop was also partly due to hard work by the various Board Committees such as the Education Committee, who recruited eight (8) new member organizations in 2017 alone. The Education Committee additionally organized a Family Fun Day on 5th December 2017 at the CareCoop offices. This was a big 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 a borehole tank.

The event generated a net profit of ZMW 92,592.84. The Board Chairperson expressed strong appreciation to all who contributed to the event and specifically acknowledged donations by Cresta Golfview Hotel, InterContinental Hotel and Madison Insurance for contributing towards the prizes. She also recognized the hard work by the Loans Committee, which worked tirelessly to introduce new loan products, resulting into increased uptake of loans, and thereby generating income through the interest on the loan.

5.3 Corporate Social Responsibility

CareCoop fulfilled its corporate responsibility through its donations to the Chainama Special School for Children with Learning Disabilities. CareCoop donated 2 LED HD TVs, Flash Drives with educational videos and secured the School Store Room with Grill Doors.

5.4 Most Diversified Product Range Award

During 2017 CareCoop was nominated best Savings and Credit Cooperative Organization (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).

5.5 Loan Insurance

With effect from 15th August 2017, all loans accessed carried insurance so that in the event of demise of a Debtor, CareCoop would not have a claim on the estate of the deceased, but rather would write-off the debt. Additionally, the bereaved family would be given ZMW 3,000 cash towards funeral expenses.

5.6 Strengthened Management

The Board of Directors was working towards strengthening the capacity of Management and aligning it to the increased demands of the growing CareCoop. The Board of Directors planned to improve customer care and reduce the turn-around for loan processing. Some of the corrective measures that would be undertaken included updating of e-mail addresses, automation of some ICT roles, extending business hours so that staff can attend to clients from 08:00 to 17:00hours from Mondays to Thursdays, and recruitment of competent and qualified staff that were able to offer a quality service to clients.

Clearly, the Board of Directors fully recognized the need to hire better qualified staff to align increased workload to numbers of workers with appropriate skills and had taken measures to meet this need. In the process of trying to increase efficiency, and acquire the correct compliment of skills and competences, CareCoop had to let go of some members of staff and sought to acquire better qualified and experienced staff. To this end, CareCoop have recruited a General Manager, a Finance Manager, a Compliance Manager, Finance Officer, Loans Officer, and IT Officer.

5.7 Share Offer

As part of the diversification strategy, CareCoop had made a number of share offers to its eligible members and so far, a total of 8,592 have been sold valued at ZMW 4,138,114. The money was being raised towards the K10million, which is the minimum capital requirements of setting up an insurance company. This was in line with the strategic plan objective on diversification and the 2016 AGM resolution.

5.6 Challenges in 2017

5.7.1 <u>Microsoft Navision Dynamic</u>

The Board Chairperson stated that a major challenge faced by CareCoop during the 2017 financial year was the changeover of the accounting system from Loan Performer System to the new Microsoft Dynamics Navision System. The complexity of the transition was a challenge for CareCoop staff and the support from the Vendor of the system was unsatisfactory. Notwithstanding these challenges, CareCoop were working hard to fully ensure that the system was fully implemented to reap its full benefits.

5.7.2 <u>Qualified Audited Financial Statements</u>

During the audit for the year 2017, it surfaced that there were some historical reconciliations that had not been completed over time. This resulted in balances that would not be adequately supported by documentation. The lack of reconciliation resulted in CareCoop having part qualified opinion on accounts for 2017, notwithstanding the validation of the 2017 accounts as a true and fair view of the financial position of CareCoop.

Unreconciled balances pose a risk to CareCoop not only in terms of masking fraudulent activities, but also in terms of effective use of resources for investment and operations. CareCoop was taking these lapses seriously and had devised a corrective and investigative plan which included timeliness for completing reconciliations and intended to report back on progress on the reconciliation process to members through an extraordinary general meeting (EGM). The Board of Directors was also considering assessing the workload and align tasks to skills, as well as strengthening the onsite internal audit system to ensure that what Management reported was what was obtaining on the ground.

Further, it was reported that recoveries of the embezzled funds from the fraud that took place between January 2014 and August 2016 was on-going, with over 80% of the embezzled funds having been recovered to date. The 2017 financial year did not however identify fraud, despite the discrepancies in balances.

5.8 Conclusion

In concluding her remarks, the Board Chairperson stated that CareCoop had made progress and that she was hopeful that the incoming Board of Directors shall bring to completion and fruition what had been started, including strengthening internal controls and systems, the insurance company, land opportunities for members and strengthening the CareCoop Management.

She offered her sincere apologies to those that may have been grossly inconvenienced during her tenure of office and emphasized that CareCoop was the members' and thus members should work together for mutual benefits. She ended by thanking all who attended the 23rd AGM, and fellow board members for the support she received during her tenure of office, adding that her tenure of office was a very good learning experience.

6. LAUNCH OF THE CARECOOP WEBSITE

Thereafter, the Board Chairperson invited the Vice Board Chairperson, Mr. Chifundo Phiri, to officially launch the CareCoop website. The Vice Board Chairperson requested AGM delegates who had previously used the website to describe and voluntarily share their experiences on use of the website. Mr. Jakubi (ZAMBART) stated that the old website was fine but could have been made more exciting and interactive. Ms. Queen Chibuye (Abt Associates) stated that she used the website about a year prior to the AGM and was unable to access the website, mentioning that on the old website the graphics were not well aligned.

The Vice Board Chairperson informed the AGM that the CareCoop website had been upgraded and now had new exciting features and was more accessible. The website was being hosted by Goddard Inc, an American company. Thereafter, the new website was launched.

7. SPEECH BY GUEST OF HONOUR FROM THE MCTI

In his introductory remarks, the Guest of Honour from the Ministry of Commerce, Trade and Industry, Mr. Justin Mwansa, Registrar of Co-operatives, recognized the presence of the CareCoop Board of Directors, Members, Management and Staff and invited guests. He stated that it was an honour and privilege for him to be accorded the opportunity to address the CareCoop 2017 AGM, and that the forum provided a rare opportunity to meet and reflect on performance strides that have been achieved over the past year.

Mr. Mwansa acknowledged that CareCoop was one of the largest SACCOs in Zambia, which had made significant contributions to the economic growth of Zambia through provision of affordable finances to its members, and that this growth was premised on the confidence and trust that the members had in CareCoop. He stated that as reflected from the financial figures included in the 2017 Annual Report, it was evident that CareCoop was destined for further growth. The Registrar of Cooperatives urged AGM delegates to remain focused on being innovative in introducing products that will match up with the ever-changing needs of the members.

The Registrar of Cooperatives commended the outgoing Board Chairperson, Dr. Chilunga Puta, for consistently convening Annual General Meetings (AGMs), which was a good demonstration of good governance and transparency, thereby according the members an opportunity to take stock of CareCoop's performance as well as shape its destiny. He further acknowledged that CareCoop's achievements were not accomplished without any struggles and noted that CareCoop faced various challenges. He beseeched the CareCoop AGM delegates to remain resilient and committed to working as a team as they aspire to achieve the strategic objectives set for themselves.

The Guest of Honour informed the AGM delegates that as a matter of priority, the Government of the Republic Zambia was committed to creating a favourable platform for the development and growth of SACCOs because of the low and favourable lending rates which they offer. In this regard the MCTI was in the process of enhancing the regulatory framework for SACCOs through the review and amendments of the Cooperatives Act number 20 of 1998 and other regulatory aspects of the industry. Such measures would subsequently help to contribute towards creation of a conducive economic environment suitable for the deepening of the financial sector with the key objective of enhancing financial inclusion in the country from the current 59% to 80% by 2022. He informed the AGM delegates that the Cooperative Bill has so far been drafted and provincial stakeholder consultations were currently being held at which comments and submissions were being received for possible inclusion. The consultation process was currently remaining with two provinces to be covered, Muchinga and Western Provinces.

He reminded AGM delegates that the cooperative movement can subsequently lead to a reduction in interest rates offered by commercial banks and other lending institutions in the economy, as the number of people accessing credit from these financial institutions would reduce in preference for financial cooperatives. He stated that according to the Bank of Zambia (BOZ) and the International Labour Organisation (ILO), SMEs occupy 70% of the country's GDP and provides 88% of Zambia's total employment. The potential effect that would be triggered by growth among Cooperatives would be an upswing in employment levels, because the SMEs consume a lot of financial products from commercial banks, which will inevitably be available at affordable rates, which is in line with Government's aspirations of attaining middle income status by 2020.

In conclusion, the Guest of Honour took the opportunity to thank the Board of Directors for inviting the MCTI to attend the 2017 CareCoop AGM and wished members a fruitful and positive deliberations.

8. PRESENTATION OF AWARDS

The Chairperson invited the Guest of Honour from the Ministry of Commerce, Trade and Industry Mr. Justin Mwansa presented the 2017 awards together as follows:

No.	Award	Recipient	Organisation
1	Highest Saving Member	Mr. Gordon Mwanza	CIDRZ
2	Highest Frequency Borrower 2017	Mr. John Munthali	CRS
3	Highest Number of Loans accessed	Mr. James Mphande	CIDRZ
4	Highest Saving New Member	Mr. Physiwell Sikateyo	CIDRZ
5	Highest Borrower New Member award 2017	Mr. Ronald Sinkala	CIDRZ
6	Board Chairperson’s Award	Mr. Joseph Chileshe	CareCoop

9. AUDITOR'S OPINION ON 2017 AUDITED ANNUAL FINANCIAL STATEMENTS

The Board Secretary requested the representative of PKF Chartered Accountants, the CareCoop external Auditors for the 2017 financial year, to present the auditor's opinion on the CareCoop 2017 audited annual financial statements.

The representative from PKF Chartered Accountants read out the auditor's opinion, which was partly a qualified opinion. The qualified opinion read:

> *"We have audited the financial statements of Care Cooperative Savings and Credit Society Limited (the Cooperative) set out in pages 7 to 32, which comprise the statement of financial position as at 31st December 2017 and the statement of income and expenditure and other comprehensive income statement of changes in equity and statement of cashflows of the year ended and notes of the financial statements, including a summary of significant accounting policies.*
>
> *In PKF opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of the report, the financial statements give a true and fair view of the financial position of the Cooperative as at 31st December 2017, and of its financial performance and its cashflows for the year then ended in accordance with the International Financial Reporting Standards (IFRS)."*

The basis for the qualification of the accounts was because CareCoop had differences between various control account balances and supporting listings, written off as below:

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

The differences arose because loans and advances, receivables from member organisations, members' shares, and members' savings, with adjustments having been written off to the general reserve. PKF believed that the audit evidence obtained was sufficient to and appropriate to provide a basis for a qualified opinion.

10. PRESENTATION AND ADOPTION OF 2017 AUDITED FINANCIAL STATEMENTS

The CareCoop Board Treasurer, Mr. Abraham Alutuli, led a presentation of the CareCoop audited financial statements for the year ended 31st December 2017, focusing on the following key highlights:

10.1 Statement of financial position

The total assets for Care Coop increased from ZMW 49,127,223 in 2016 to ZMW 65,682,827 in 2017
Assets. There was a reduction in property plant and equipment from ZMW 3,796,699 restatement in 2016 down to ZMW 2,126,172 in 2017. Land and buildings were professionally valued on 13th October 2017 by Sherwood Greene based on open market value. The book values of the properties were adjusted to the revaluations and the resultant surplus was credited to the comprehensive income.

10.2 Cash and Balances

Cash and balances increased from ZMW 6,130,801 to ZMW 7,517,405. These comprise cash and cash equivalent, including cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days.

10.3 Loans and Advances

Loans and advances increased from ZMW 32,025,285 in 2016 to ZMW 42,221,297 at end of 2017.

10.4 Equity and Liabilities

Under Equity and Liabilities, capital and reserves increased from ZMW 5,182,442 in 2016 to ZMW 13,113,059 in 2017, while the liabilities increased from ZMW 43,944,731 in 2016 to 52,569,758.00 in 2017. The total equity and liabilities increased from 49,127,223 in 2016 to ZMW 65,682,827.00 in 2017.

Under liabilities, Members Savings increased from ZMW 42,993,173 in 2016 to ZMW 51,241,420 in 2017. Provisions included gratuity, which was computed on two months' salary for every year served, and increased from ZMW 121,896 in 2016 to ZMW 253,558 in 2017. Other Payables included accrued expenses and purchase of land (balance), increased from ZMW 829,712 in 2016 to ZMW 1,074,792 in 2017. The balance payable for the purchase of land relates to land brought by CareCoop. There was a balance of ZMW400,000.

The Board observed that certain members deposit moneys into the bank account without indicating their names on the deposit slips. The Board Treasurer appealed to all members to indicate their names on the deposit slips for ease follow up and reconciliation of loan balances.

10.5 Statement of Income and Expenditure

In the Statement of Income and expenditure and other Comprehensive Income for the year ended 31st December 2017, the following were the key highlights:

1) The total comprehensive surplus for the year increased from ZMW 1,804 708 in 2016 to ZMW 3,704,999 in 2017.
2) Interest income includes interest on loans and advances, interest on investments and interest on bank accounts and increased from ZMW 5,070,280 in 2016 to ZMW 8,906,482 in 2017.
3) Legal fees are related to the fraud case and also PAYE and NAPSA.
4) Impairment of loans and advances increased from ZMW 62,816 during 2016 to ZMW 410,482 in 2017. Loans and advances that are aged past 240 days are considered past due.
5) Operating surplus increased from ZMW 3,329,951 in 2016 to ZMW 6,217,234 in 2017.
6) Administrative expenses increased from ZMW 2,138,521 to ZMW 3,452,509 in 2017. The increases can mainly be attributed to new positions, recruitment expenses, legal fees accrued, increases in utility expenses, including ZESCO bills and fuel for the generator.
7) Board of Directors and its Committees' expenses increased from ZMW 214,954 in 2016 to ZMW 244,637 in 2017 because the Board had to meet more with management staff, while finance costs increases related to foreign exchange losses.

10.6 Questions and Answers arising from the presentation of 2017 Audited financial statements.

The following were the questions members asked in relation to the audited financial statements presented by the external Auditor and the Board Treasurer:

1) Mr. John Sinyangwe (CIDRZ): The audited 2017 annual financial are based on qualified opinion which affect general reserves, what steps are being taken by management to ensure that future reports will be based on unqualified opinions and true records of actual financial transactions? Response: On the qualified audit, the representative from PKF Zambia Chartered Accountants explained that there are certain standard procedures that are followed when you have certain differences. He further stated that the listings of the advances were made available.
2) Mr Mathias Mulenga Simwinga (CIDRZ): Mr. Simwinga raised concern about the issue contained in the auditor's report that the adjustments arising from differences related to loans and advances, member shares, receivables from member organisations, and member savings have been written-off to the general reserves. He also wondered whether there were no financial irregularities happening in 2017.

Response: In relation irregularities during 2017, there were no reported fraud/irregularities in 2017; the irregularities relate to the 2015 -2016 period when CareCoop experienced some fraud, systems challenges and reconciliations fell out of date. Though the irregularities do not relate to 2017, they still affect the opening balances for 2017.

3) Mr. Lawrence Mwenge: Why did the Management not follow up on the issue of the money that was in the unexplained deposits? Response: The Board Treasurer stated that reconciliations were lagging, and that financial accounts reconciliation was a continuous process and follow ups were still being made with the bank. In addition, the Board of Director has made efforts to strengthen the financial management system and staffing. An appeal was also made for members to include their names on the deposit slips when they make deposits and send the deposit slips to CareCoop.
4) Ms. Queen Kasubika Chibuye (General Member)/Mr. Henry Chiluba (Abt Associates): Both stated that qualified opinion was not good and raised concern that unreconciled balances were not the only sources of differences for deposits, but other irregularities and anomalies such as continued deductions of loan repayments even when loans were fully repaid. Ms Chibuye further expressed concern that CareCoop had taken too long to complete the reconciliations. She strongly urged and recommended for the immediate setting up of a Taskforce to resolve the issue. Response: The Board Treasurer assured the AGM that the Board of Directors was addressing this matter and would consider all avenues available to ensure all accounts were fully reconciled. Thereafter, it was the intention of the Board of Directors to give feedback to the members through an extraordinary general meeting to be called before the 2018 AGM. The Board Treasurer informed the AGM that the Board of Directors was very conscious and aware of the need to have financial reconciliations handled in a speedy manner and that it was aware that there was too much work arising from CareCoop growth and has taken measures to address the situation. Among the measures taken, were improving and strengthening the CareCoop Finance Department, among other things.
5) Ms. Alice Nyirenda (CIDRZ): Raised concern with the external auditors issuing financial statements before everything was cleared and noted that there were still some significant outstanding issues which the auditors needed to have cleared before presenting the financial statements to the Board of Directors and the AGM. Further, she requested that the classifications of finance costs be elaborated on as they are not clear in their current form. Response: The Board Treasurer informed the AGM that what was reflected in the 2017 Annual Report was highly summarised, but the PKF Chartered Accountants financial report (which was distributed earlier to members) was more detailed and provided notes to the financial statements and splits bank charges and commissions from foreign exchange losses (Note 6.) of the PKF Chartered accounts audited financial report.

10.7 Adoption of audited financial statements for the year ended 31st December 2017

In concluding his presentation, the Board Treasurer requested the AGM to adopt the audited 2017 financial report. Mr. Ronald Sinkala (CIDRZ) proposed the adoption on condition that the statement on writing-off the differences to the reserve be edited. Mr. Norman Mwansa (PCI Zambia) seconded the motion. There being no counter proposals, the motion was carried.

11. RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2018 FINANCIAL YEAR

The Board of Directors put a motion to retain PKF Zambia Chartered Accountants as providers of audit services to CareCoop for the 2018 financial year. Mr. Daniel Banda (CIDRZ) proposed that PKF Zambia Chartered Accountants be retained as CareCoop auditors, and Mr. Henry Chiluba (Abt Associates) seconded the motion. PKF Zambia Chartered Accountants were therefore retained as auditors for Care Coop for the 2018 financial year.

12. DECLARATION OF DIVIDENDS

The Vice Board Treasurer, Mrs. Gwati Chitalima, stated that the total comprehensive surplus for the financial year 2017 was ZMW 3,704,999 as compared to ZMW 1,804, 738 in the year 2016. She further stated that the total comprehensive surplus for the year 2017 was attributable to distributable reserves at ZMW2,158,598; capital funds at ZMW 500,000, general reserves at ZMW 708,959; educational fund at ZMW 177,240 and revaluation reserves at ZMW 160,202.

Consequently, Board of Directors proposed a final dividend of ZMW 88.99 per share from the 2016 ZMW 46.64 per share amounting to a total of ZMW 2,082,375 (2016 ZMW 735,744). The Vice Board Treasurer requested that the dividend declaration decision be adopted by the AGM. Ms. Memory Banda (NGOCC) proposed the adoption of the motion as recommended by the Board of Directors and Mr. Jonas Mwale (General member) seconded the decision. There being no counter proposals, the motion was carried.

13. SUPERVISORY COMMITTEE REPORT

At the time of the 2017 AGM, the office bearers of the Supervisory Committee comprised the following:

1) Mr Kudakwashe Mucheka : Committee Chairperson
2) Mr. Chimuka Muyuni : Committee Secretary
3) Mr. Kelly Siame : Committee Member

The Committee Chairperson, Mr. Mucheka, made a comprehensive presentation of the Supervisory Committee report as reflected on pages 15 and 16 of the CareCoop 2017 Annual Report. He emphasised that the Supervisory Committee was an objective organ operating independently from the CareCoop Board of Directors but supplementing and complementing the latter's functions. Some of the highlights from the Supervisory Committee report included the following:

1) Look into securing the ICT Server Room.
2) Fully complete the implementation of the Microsoft Dynamic Navision Software.
3) Complete the accounts reconciliation that was the source of qualified financials in 2017.
4) Improve on the loan processing lead times.
5) Improve communication channels to members.

14. PRESENTATION OF PROPOSED BY- LAWS AND SHARES DISPOSAL POLICY

The AGM members were informed that the Board of Directors had constituted two (2) adhoc Committees to draft into the revision of the CareCoop By-Laws and also develop a policy on CareCoop Shares Disposal. This was in view of the expansion and evolving scope of work for CareCoop over time and to guide the Care Coop members on how to dispose of their shares because current CareCoop Share Disposal Procedures are not clear. The presentations were made by the Committees' representatives Mr. Lee-lane Lyabola and Mr. Ronald Sinkala.

The AGM delegates were informed that they would not comment on the presentations of the draft documents during the 2017 AGM, but rather provide their inputs and proposed changes at a later stage through email submission and during visits by CareCoop staff to member organizations' premises. The feedback shall be incorporated in the revised final drafts to be presented at the extraordinary general meeting.

15. PRESENTATION OF ANSWERS TO PRE-SENT QUESTIONS

Ms. Diana M. Chinokoro made a comprehensive presentation on the pre-sent questions and answers from member organisations. The table of pre-sent questions and respective responses is attached to these minutes as Appendix 1.

16. ELECTION OF CARE COOP BOARD MEMBERS

The Guest of Honour from MCTI, Mr. Justin Mwansa, and the Supervisory Committee presided over the election of new CareCoop Board Members who were replacing the three (3) positions on the Board for members who had retired or whose first term had come to an end. Later on elections for the Board Chairperson and Vice Board Chairperson were to be held from among the 9 Board Members.

16.1 Elections for 3 Board Positions

Eight (8) Candidates were successfully nominated prior to the AGM to fill the three (3) positions on the Board and the AGM arrived at consensus that candidates that got the highest votes shall fill the vacant Board positions. However, Dr. Joseph Chaila was disqualified as he was not present at the AGM. After each Candidate present a 1-minute manifesto a vote was carried with the following result:

No.	Name of Candidate	Member Organization	Votes
1	Mr. John Sinyangwe	Centre for Infectious Disease Research in Zambia (CIDRZ)	100
2	Mr. Fidelity Milambo	Catholic Relief Services (CRS)	77
3	Mr. Daniel Banda	Centre for Infectious Disease Research in Zambia (CIDRZ)	74
4	Mr. Gerald Muche	Centre for Infectious Disease Research in Zambia (CIDRZ)	67
5	Mr. Lawrence Mwenge	General Member	47
6	Mr. Gilbert Jikubi	ZAMBART	43
7	Mr. Bwali Ndau	SNV Zambia	30

From the vote, Mr. John Sinyngwe (CIDRZ), Mr. Fidelity Milambo (CRS) and Mr. Daniel Banda (CIDRZ) with 100, 77 and 74 votes, respectively were elected to the Board.

16.2 Elections of Board Chairperson

Three (3) Board Members were nominated for the position of Board Chairperson as follows:

No.	Nominee	Organization	Proposer	Seconder
1	Mr. Fidelity Milambo	CRS	Ms. Helen Chirwa	Ms. Bridget Mkumba
2	Mr. Chifundo Phiri	CIDRZ	Mr. Martin Kapaya	Mr. Patrick Zyamba
3	Mr. John Sinyangwe	CIDRZ	Ms. Lillian Mulenga	Mr. James Mphande

The three (3) candidates were each given 3 minutes to present their manifesto, after which a vote was conducted in which Mr. Fidelity Milambo was elected Board Chairperson with the following results:

No.	Nominee	Organization	Votes
1	Mr. Fidelity Milambo	Catholic Relief Services (CRS)	63
2	Mr. Chifundo Phiri	Centre for Infectious Disease Research in Zambia (CIDRZ)	46
3	Mr. John Sinyangwe	Centre for Infectious Disease Research in Zambia (CIDRZ)	30

1.1 Elections of Vice Board Chairperson

Three (3) Board Members were nominated for the position of Vice Board Chairperson as follows

No.	Nominee	Organization	Proposer	Seconder
1	Mr. Lane-Lee Lyabola	CIDRZ	Ms. Brenda Kayumba	Mr. Harry Ngoma
2	Mr. Chifundo Phiri	CIDRZ	Mr. O'brien Luneta	Mr. Mathias Simwinga
3	Ms. Mary Banda	CRS	Ms. Thelma Chulu	Ms. Sara Ngoma

The three (3) candidates were each given 3 minutes to present their manifesto, after which a vote was conducted in which Ms. Mary Banda was elected Vice Board Chairperson after a second round of voting with the following results:

No.	Nominee	Organization	1st Vote	2nd Vote
1	Mr. Lane-Lee Lyabola	CIDRZ	41	
2	Mr. Chifundo Phiri	CIDRZ	47	57
3	Ms. Mary Banda	CRS	47	66

1.2 Elections of Vice Board Chairperson

Consequent to the elections above, the full Board comprised of the following:

BOARD OF DIRECTORS			
No.	Name	Organization	Position
1	Mr. Fidelity Milambo	CRS	Board Chairperson
2	Ms. Mary Banda	CRS	Vice Board Chairperson
3	Mr. Daniel Banda	CIDRZ	Board Member
4	Mr. Lane-Lee Lyabola	CIDRZ	Board Member
5	Mr. John Sinyangwe	CIDRZ	Board Member
6	Ms. Rose Lungu	Plan International	Board Member
7	Mr. Abraham Alutuli	General Member	Board Member
8	Ms. Diana Mulenga Chinokoro	General Member	Board Member
9	Mr. Chifundo Phiri	CIDRZ	Board Member
SUPERVISORY COMMITEE			
No.	Name	Organization	Position
1	Mr. Chimuka Muyuni	EGPAF	Member

17. **CLOSING REMARKS/PRAYER**

The newly elected Board Chairperson, Mr. Fidelity Milambo, closed the 23rd CareCoop AGM by congratulating the newly elected members and thanking all the delegates who attended the AGM. He stated that the new Board brought new hope to CareCoop and assured everyone that he will strive to deliver services to customers. After which he gave a closing prayer and officially closed the AGM at 14:18hours.

SIGNED:

Mr. Fidelity Milambo	Dr. Chilunga Puta
BOARD SECRETARY	BOARD CHAIRPERSON

ATTENDANCE REGISTER FOR ANNUAL GENERAL MEETING HELD ON 12TH MAY 2018

No.	Name	Organisation
1	Chanda Leonard Mulenga	ZAMBART
2	Philimon Cheeba	CARE INTL
3	Chibi Miyanda	JSI DISCOVER HEALTH
4	Chifundo Phiri	CIDRZ
5	Raymond Chilala	General Member
6	Chimuka Muyuni	EGPAF
7	Chola Chifukushi	Childfund Zambia
8	Chris Chiwenda	General Member
9	Christopher Banda	SFH
10	Daniel Banda	CIDRZ
11	Daniel Fwambo	General Member
12	Enos Mwale	General Member
13	Frank Mbozi	ZAMBART
14	Gerald Muche	CIDRZ
15	Cardinal Hantuba	CIDRZ
16	Harry Ngoma	General Member
17	Henry Chiluba	General Member
18	Isaac Sakala	CIDRZ
19	Jikubi Gilbert	ZAMBART
20	Charlton Kakene	General Member
21	Paul Kalichini	CIDRZ
22	Sydney Kanyata	EFC
23	Kelly Siame	Irish Embassy
24	Kelvin Muyuni	PATH
25	Kelvin Nyambe	CIDRZ
26	Lazarus Mwale	Plan Intl Zambia
27	Lloyd Simutowe	CARECOOP
28	Alice Nyirenda	Cidrz
29	Andrew C Kasempa	Zambart
30	Banda Zonobia	Plan
31	Beauty S Hachiboloma	Cidrz
32	Bridget Chishimba Mkumba	Path
33	Bxy Mulenga Kangololo	Zambart
34	Chibundi carolyn	Cidrz
35	Christine Imasiku	Zambart
36	Chulu KM Thelma	Zambart
37	Dr Chilunga Puta	Path
38	Dr Kamanga Margaret	Cidrz
39	Gertrude K Musonda	Africare
40	Jacinta Muyaba Sandra	Cidrz
41	Jenny Meya Niyrenda	ZACOP
42	Kasubika Chibuye	General Member
43	Lillian Muke Chifunda	Cidrz
44	Lisa gertrude Mwewa	Banani
45	Lubasi imasiku	Cidrz
46	Manuel Nyamba	General Member
47	Marion Stella Bwalya	Cidrz
48	Banda Mary	General Member
49	Miss Jully Mwansa Chilambwe	General Member
50	Miss Loveness Mulongo	Plan
51	Miss Mable Chanda Banda	Cidrz
52	Miss Malasha Patricia	General Member
53	Miss Mangambwa Inonge	Cidrz
54	Miss Namatama Simatele	Cidrz
55	Miss Namwene Cheepa	Plan
56	Miss Nsofu Mutale	Cidrz
57	Miss Patricia Mumba	General Member
58	Miss Rabecca shwa	General Member
59	Mr Abraham Alutuli	EFC
60	Mr Alfred Chitomfwa	General Member
61	Mr Bennie Ncube	SBH
62	Mr Blackwell Kunda	FHI
63	Malawo Collins	CIDRZ
64	Maston Kalubenyi	General Member
65	Matabaro Ezechius	Pinewood
66	Moses Zimba	CIDRZ
67	Mpande James	CIDRZ
68	Mpuku Exildah	Care
69	Mucheka Kudakwashe	CIDRZ
70	Mukuka Joshart	CIDRZ
71	Mukumbuta Stephen	General Member
72	Muleba Isaac	CareCoop
73	Mulenga Stephen	General Member
74	Mwale Clement	General Member
75	Mwanza Gordon	CIDRZ
76	Mwanza Robson	CIDRZ
77	Mwendafilumba Martha	CIDRZ
78	Mwenge Lawrence	Zambart
79	Ndau Bwali	SNV
80	Ngulube Elliot	CIDRZ
81	Ngulube Lankie	CIDRZ
82	Ngwenya Fredrick	Zambart
83	Nicholas Munkinyi	CRS
84	Nkaka Richard	CIDRZ
85	Nkonde Chileshe	CIDRZ
86	Norman Mwansa	PCI Zambia
87	O'Brian Luneta	CIDRZ
88	Patson Sakala	SFH
89	Patukani Jack Phiri	CIDRZ
90	Paul Chileshe	CIDRZ
91	Pharon Manda	CareCoop
92	Phillip Mwakatambala	CIDRZ
93	Mr Read Hakanu	CIDRZ
94	Mr Salimu Fackson	GENARAL
95	MR Sichone Collins	GENARAL
96	Mr Simunga Richard	GENARAL
97	Mr Simwinga Matthias	CIDRZ
98	Mr Sinkala Ronald	CIDRZ
99	Mr Sinyangwe John	CIDRZ
100	Mr Stanley Mwale	CIDRZ
101	Mr Steven Sakala	CIDRZ
102	Mr Timoth Bwalya	CARE
103	Mr Tswama Dickson	ZAMBART
104	Mr Willfred Manda	ECR
105	Mr Willombe Anthony	CIDRZ
106	Mr Winta Siambili	MARYLAND
107	Mrs Banda Memory	NGOCC
108	Mrs Banda Mwansa Deborah	ZAMBART
109	Mrs Judith Mbiri Mwase	GENARAL
110	Mrs Gwati Chitalima	GENARAL
111	Mrs Helen Khunga	GENARAL
112	Mrs Milimo Deborah kaluba	ZAMBART
113	Mrs Reginah Munsanje Milambo	SCI
114	Mrs Rosie Chibesa Lumbi	GENARAL
115	Mrs Sarah Nyirongo Ngoma	GENARAL
116	Mrs Sylvia Fungamwango	CIDRZ
117	Mrs Veronica Machunnga	GENARAL
118	Ms Muliwama Mukwamataba	PATH
119	Ms Regis Gwaba	GENARAL
120	Mubiana Tabiso	CIDRZ
121	Mufwempa Sharon	CIDRZ
122	Mulenga Linda	CIDRZ
123	Mumba Esnart	CIDRZ
124	Mungazi Rejoice	EFC
125	Musonda Mulozi	CIDRZ
126	Musunga Patrick Kapaya	CIDRZ
127	Nambela Lydia	GENARAL
128	Ngandu Besnart	MNC
129	Nyembe Nyambe Bernadatte	CIDRZ
130	Paul Hara	CARE
131	Phiri Martha	CIDRZ
132	Sakala Neila	CRB
133	Salome Mangala Namutami	CARE
134	Sibayuni Debbie	ZAMBART
135	Solomon Ian Simalumba	PACT
136	stephen bwaya	ZAMBART
137	Tembo grace Sichembe	CIDRZ
138	Zyambo Zude	CIDRZ

MINUTES OF THE EXTRA-ORDINARY GENERAL MEETING (EGM) HELD ON 15th DECEMBER 2018 AT THE GOVERNMENT COMPLEX, LUSAKA

1. WELCOME REMARKS

The meeting was called to order at 09:36 hours by the Board Secretary, Mr. Daniel Banda, who welcomed members present to the 2018 Care Cooperative Savings and Credit Society Ltd (hereinafter called CareCoop) Extra-Ordinary General Meeting (EGM). The Board Secretary informed the delegates that in accordance with the CareCoop by-laws there were conditions that needed to have been done for an EGM quorum to be met as follows:

1) Notice of the EGM should have been circulated at least 21 days before the date of meeting.
2) Presence of two-thirds (2/3) of the members who confirmed attendance.

With both conditions having been met, Ms. Mary Banda, CareCoop Vice Chairperson gave an opening prayer to the EGM.

2. ADOPTION OF AGENDA

The proposed agenda items for the EGM were presented as follows:

1) Welcome Remarks
2) Opening Prayer
3) Adoption of proposed Agenda
4) Board Chairperson's Speech
5) Presentation of Interim Audit Results on Financial Reconciliations by External Auditors
6) CareCoop By-Laws Revision and Adoption
7) CareCoop Shares Disposal Policy and Adoption
8) Closing Remarks/Prayer, and Lunch

Mr. Mark Mwala (CHAZ) proposed that the Agenda be adopted as presented, while Ms. Chibesa Lumbi (General Member) seconded the motion, following which the Agenda was adopted without amendments. Thereafter, the Board Secretary called upon Mr. Fidelity Milambo, CareCoop Board Chairperson to deliver his speech for the 2018 EGM.

3. BOARD CHAIRPERSON'S SPEECH

3.1 Welcome to EGM Delegates

The Board Chairperson welcomed all Distinguished Guests and Co-operators to the EGM, which was called as a follow up to the commitment the Board of Directors made at the 2017 Annual General Meeting, to address among other issues – the outstanding matter of financial reconciliations, which led to qualified financial statements for the year ended 31st December 2017. He stated that the EGM was going to discuss 2 major items, namely; the proposed revision of the CareCoop By-Laws and report on the work done to reconcile the financial statements.

3.2 Revision of the CareCoop By-Laws

The Board Chairperson informed the delegates that since 2011 when the By-Laws were last revised, CareCoop had recorded phenomenon growth of 513% in terms of assets, from ZMW12.8million in 2011 to ZMW65.7million by close of 2017; membership grew to more than 3,000 members drawn from more than 60 member organizations, and CareCoop had a staff complement of 13. CareCoop had evolved into a force to reckon with within the financial cooperative sector. He stated that with such a growth, it was vital that the By-Laws are aligned to reflect this growth and the future aspirations of CareCoop.

The Board Chairperson informed the delegates that the Board of Directors constituted a Subcommittee of non-Board Members comprising; Mr. Vincent Kawaya (Chair), Mr. Ronald Sinkala, and Late Mr. Frank Chisamanga, to extensively review the current By-Laws and propose a draft for the Board of Directors' consideration. The work had been in the pipeline for more than 1 year. He thanked the Subcommittee for the work well done and requested the EGM delegates to observe a minute of silence for the late Frank Chisamanga, who was a member of the Sub-Committee.

He informed the EGM delegates that the Board of Directors extensively reviewed and revised the proposed By-Laws to ensure that it not only aligned with the needs of CareCoop – but also complied with the Cooperative Act number 20 of 1998 and other related laws. He stated that the document presented for the delegates' approval was well formulated and should spar CareCoop to greater heights.

3.3 Reconciliation of Financial Statements

The Board Chairperson informed the EGM that the reconciliations of financial statements that led to the qualification of the 2017 financial statements by the CareCoop external Auditors, PKF Chartered Accountants, had been concluded. The Board Chairperson stated that non-reconciliation of loan advances, savings accounts and members shares in CareCoop dates back to the system change over which was done in 2013 and 2016. He informed the EGM that Board Treasurers shall be reporting on the progress made on the matter during the EGM, and the steps taken to ensure that the matter was closed altogether.

3.4 Other highlights

The Board Chairperson further updated the EGM that, as stated at the last AGM, the CareCoop Board of Directors and Management were committed to ensuring improved customer service to CareCoop valued members and to this end, the Board was pursuing the following initiatives:

1) Work had continued to ensure CareCoop had a responsive and professional Management and Staff to effectively implement the Board of Director's strategic vision for CareCoop.
2) Plans were underway to revamp CareCoop current loan products to ensure that they speak to members' needs, and at the same time guarantee a return on investment for our CareCoop.
3) Disposal of shares had been a thorny issue and the Board of Directors was working at putting in place a Savings and Shares Disposal Policy to articulate procedures on the management of shares.
4) CareCoop Management with guidance from the Board of Directors had started working on a new strategic plan for the period 2018 - 2022.

3.5 Conclusion

In conclusion, the Board Chairperson thanked all members for patronizing CareCoop; the Board of Directors for embracing team spirit; the Supervisory Committee for ensuring checks and balances, and Management and Staff for working tirelessly. He stated that the future of CareCoop was bright, and urged everyone to remain focused on the CareCoop vision and mission of becoming the model SACCO in Zambia.

4. PRESENTATION OF INTERIM AUDIT ON FINANCIAL RECONCILIATIONS

Following the Board Chairperson's speech, the Board Secretary invited Mr. Abraham Alutuli, the Board Treasurer, to make a presentation on the interim audit work done by PKF Chartered Accountants on the financial reconciliations of CareCoop financial statements.

4.1 Background

The 2017 AGM directed the Board of Directors to address the reconciliation and adjustments that led to the qualification of the 2017 financial statements by PKF Chartered Accountants. The reconciliations and adjustments mostly related to the years 2015 and 2016 and impacted savings accounts, loan balances and member shares. Further, the 2017 AGM tasked the Board of Directors to consider setting up a Task Force of CareCoop members or appoint a Consultant to undertake the reconciliation exercise.

The Board of Directors opted to engage a Financial Consultant to work on the reconciliations due to the following reasons, among others:

1) Consultant had no vested interest and was likely to be objective.
2) Availability of CareCoop members was not guaranteed as most of them are in full employment.
3) The assignment had to be completed within a specific time frame.

A Consultant was selected using an open tender process, considering their systems, audit experience, advanced excel skills and cost - among other factors. Proposals were received from 29 bidders, from which 3 were shortlisted and interviewed, with the successful Consultant was awarded a K160,000 contract.

4.2 Key Findings

The Financial Consultant looked at a three-year period from 2015 to 2017, and some of the key findings were as follows:

1)Non-reconciled ledger accounts dated as far back as 2015 (see 2017 audited financial statements).
2)Some of the unreconciled numbers resulted from frequent system changeovers.
3)No mapping to show that figures in the old system have been migrated to the new system.
4)Bank reconciliations were done outside the system.
5)Weak internal controls, including lack of segregation of duties.
6)Recruitment of less qualified staff, who lacked capacity to do their job.
7)Mismatch between the size of CareCoop and the systems, policies and procedures in use.
8)Inadequate support documentation and poor filing to support the passing of certain entries.

Wrong or non-capture of loan offsets – having an impact on both loan and saving balances

4.3 Reconciled Savings, Loan Advances and Shares

Year	Audit Balances (K'000)	Adjustments (K'000)	Reconcile Balances (K'000)
Savings			
2017	51,241.00	(1,023 .00)	50,218.00
2016	42,993.00	(1,579 .00)	40,414.00
2015	30,576.00	(319 .00)	30,257.00
Loan Advances			
2017	42,221.00	(4,416 .00)	37,805.00
2016	32,025.00	2,348.00)	29,677.00
2015	23,121.00	(129 .00)	22,993.00
Shares			
2017	1,190.00	(43 .00)	1,147.00
2016	749.00	(43 .00)	706.00
2015	704.00	(43 .00)	661.00

4.4 Way forward

1)Full implementation of Microsoft Navision System.
2)Workload analysis expected to review the adequacy of the current number of staff.
3)Strive to recruit adequately qualified and experienced people and ensure segregation of duties.
4)Develop and update operational manuals.
5)Monthly ledger reconciliations.
6)Monthly close out.
7)Need for improved filing system.

4.5 Conclusions

CareCoop has grown significantly in the past few years. As such it needs to enhance its internal controls, employ qualified staff, invest in systems and develop and update its operating manuals. Thereafter, the Board Treasurer further invited the Auditors to make a presentation on their findings to date

4.6 Interim Audit opinion by PKF

Mr Patrick Mumba from PKF made a presentation on behalf of PKF Zambia, and thanked CareCoop for inviting PKF to make the presentation. The interim audit report was dated 31st October 2018 in which PKF confirmed having audited the 2018 Member Savings, Loans and Member Shares accounts.

The Auditors stated that they noted differences between audited balances for the year ended 31st December 2017 and opening balances as at 1st January 2018. The differences noted were two-fold:

1) Differences were offsetting members' savings and loan balances by the same amounts. These differences resulted in a decrease in one and an increase in the other by the same amount; and
2) Differences which resulted in a change in member balances. These differences affected members' shares and member savings.

PKF noted the following:

1) PKF verified the differences on a sample basis and noted that the differences identified in their samples were all supported.
2) PKF stated that for the differences which resulted in changes in member balances, one procedure is in the process of being carried out, which is circularisation to the affected members. PKF anticipates that responses from members will be received by the time the final audit commences.
3) PKF emphasized that their audit procedures carried out during the interim audit were limited to the opening balances for 2018.

4.7 Question and Answer Session on Financial Reconciliation Report

1) Question 1: Mr. Gerald Muche (CIDRZ) stated that the disputed/qualified accounts were based on specific areas, and wanted to find out why the verified accounts were based on samples, instead 100% vouching? Response to Q1: In response to Mr. Muche, the auditors stated that their audit opinion was tested on a sample basis on risks/challenges based on limited review of affected members. When the final audit is conducted by end of December 2018, it will cover 100% of all opening balances.

2) Question 2: Mr. Obrien (CIDRZ) wanted to know why the auditors were focusing on opening balances only, when we needed to know the closing balances. Response to Q2: In response to Mr. Obrien's question, the Board Treasurer stated that the auditors were requested to conduct an audit on issues that came up during 2017, and that they are yet to conduct a full audit for 2018. The full audit report for 2018 will be presented at the next CareCoop AGM.

5. SHARES DISPOSAL POLICY

The Board Secretary invited Mr. Lane-Lee Lyabola, a Board Member, to give a presentation on the draft CareCoop Share Disposal Policy. In his introductory remarks, Mr. Lyabola informed the EGM that one of the issues raised at the 2017 AGM was the need to come up with mechanisms on how CareCoop members can dispose of their shares, if for example, they are leaving employing, and how to ascertain the value of the shares if a member is disposing of shares.

5.1 Situations for Shares Disposal

Mr. Lyabola presented the following situation through which a member can dispose of their shares; (a) Normal Disposal: This refers to selling of shares to someone who is interested to make a profit, (b) *Donation*: This is where the holder of a share can give the shares to anyone who qualifies to be a member of CareCoop, (c) Death of a Member. In the event of death of a member, disposing of the shares will be based on the WILL that the deceased wrote, and (d) Willing-Buyer Willing-Seller: if shareholder cannot find buyer, to hold onto shares until opportunity comes.

5.2 Share Valuation Method

Mr. Lyabola informed the EGM that CareCoop adopted the Net Asset Share Valuation Method. He further informed the delegates that in arriving at the CareCoop share valuation method, the Board of Directors considered available options, and considered the fact that CareCoop is not listed on the Lusaka Stock Exchange (LUSE). Under the circumstances, the Net Asset Share Valuation Method was found to be most suitable. Key advantage of the Net Asset Share Valuation Method was that it was easy and simple to use and does not require additional software and can be performed monthly to give fair value of shares.

5.3 Additional Requirements and Conditions for CareCoop Shares

Some of the salient provisions for owning CareCoop shares included; (a) *no Joint Ownership:* CareCoop shares cannot be jointly owned, (b) *maximum Shares*: The maximum shares a single shareholder can have is 20% of the total CareCoop shares, (c) *collateral:* Shares cannot be used as collateral to secure a loan, (d) *Loan given to a shareholder:* value of shares not part of security for CareCoop loan, and (e) *Lock-in period*: Shareholders must hold shares for at least 12 months before they can sell them.

5.4 Disqualification process for CareCoop Shareholding.

Mr. Lyabola explained the circumstances that can lead to a member being disqualified as CareCoop shareholder are process of the law as follows; (a) when a member is convicted of a felon and jailed for more than six (6) months; (b) when a member ceases to hold the required minimum shares; and (c) when someone ceases to be a CareCoop member.

Mr. Lyabola concluded the presentation on CareCoop Share Disposal Policy by informing the EGM that the Policy will be effective starting 1st January 2019, following final contributions and its approval by the Board of Directors. Prior to that date CareCoop members are free to make further inputs comments and submissions into the draft Policy.

5.5 Question and Answer Session on the CareCoop Shares Disposal Policy

The Board Secretary invited questions, clarifications and further proposals on the daft CareCoop Share Disposal Policy presentation.

1) <u>Question 1</u>: Mr. Mambo Chiluwe (General Member) requested the Board of Directors to explain to the EGM, how the shares were initially valued and how they were going to be valued in the draft Policy. <u>Response to Question 1</u>: In relation to the valuation of the shares the CareCoop Board, explained that valuation of the shares is ascertained using the Net Asset Valuation method, (that is Total CareCoop Assets minus (-) Liabilities) decided by the Board of Directors. This implies that there will be no chances in the share value going down. Loss/reduction in share value may therefore be only due to speculation over the share price or when CareCoop has made a loss or recruited/mobilised too many members.

2) <u>Question 2:</u> Mr. Gerald Muche (CIDRZ) had two questions as follows; (a) In relation to member disqualification processes, Mr. Gerald Muche, wanted to find out what would happen to a member's shares in the event of a member being convicted by a court of law and imprisoned for six (6) months, and whether the shares would be confiscated. <u>Response to Question 2 (a)</u>: The Board explained that in the event of a Member being convicted and imprisoned for 6 months or more, the member would be paid for his/her shares at the ruling rates using the Net Asset Valuation method of valuing shares. (b) Mr. Muche expressed strong appreciation of the efforts and work that went into developing the contents of the Policy. He however stated that the initial aim of coming up with the

Policy was to protect member savings so that they are not easily disposed of and wondered if the draft CareCoop Share Disposal Policy would not enhance easy disposition of member shares, contrary to enhancing members' capabilities to invest in CareCoop. Response to Question 2 (b): On the concern raised by Mr. Muche that the draft Share Disposal Policy may adversely affect CareCoop Savings policy and negatively affect investment, the Board Treasurer assured the delegates that the aim of the Policy is not to promote arbitrary disposal of shares by members and deplete CareCoop investment. He explained that the transactions related to share disposal will not affect CareCoop investments/projects because CareCoop is not going to buy the shares, and there will be no cash flows/exchanges between CareCoop and the seller. Rather the money exchange will be between the new buyer and the seller. The Board Secretary further explained that the rule against members' use of shares as collateral to secure loans from banks is in conformity with the provisions of the CareCoop By-Laws.

3) Question 3: (a) Mr. Gordon Mwanza wanted to find out how CareCoop members would be informed of a shareholder looking for a buyer Responses to Question 3(a): A CareCoop members intending to buy or sell/ dispose of shares should inform the CareCoop Secretariat in addition to finding their own buyers/sellers. The Board stated that when informed about the intention to buy/sell shares by a member, the CareCoop Secretariat will further upload the information on the CareCoop website to facilitate further exchange of information. (b) Mr. Mwanza wanted to find out if CareCoop is encouraging members to be submitting wills. Responses to Question 3(b): On the question of the will, the Board Secretary stated that the CareCoop By-Laws emphasize on going by the deceased's will to avoid ambiguities and potential conflicts. It is important therefore for members to be writing down their wills.

4) Question 4: Angela wanted to find out whom to donate to if she decided to donate. Responses to Question 4: On the issue of donations, the Board advised that donations should not be made to anyone, but to people who qualify and meet the requirements of a shareholder for smooth transition and transfer of the shares.

6. CARECOOP BY-LAWS REVISION AND ADOPTION

The Board Secretary made a presentation on the highlights of the proposed revised CareCoop By-Laws, that was circulated to members prior to the EGM via email. The proposed revised By-Laws were reviewed page to page, after which members proposed motions to change certain draft proposals. After protracted debates by members, the following motions were presented to the EGM for approval and the vote was presided over by the Supervisory Committee:

Motion 1: Change Board Committee to the following; Education and Shares; Loans and Savings; Finance, Governance and Operations	
• Number of votes for the Motion	61
• Number of votes against the motion	5
Motion 2: That the Board Chairperson should not be a Member in any Sub-Committee	
• Number of votes for the Motion	60
• Number of votes against the motion	0
Motion 3: To increase the number of Board Members from Nine (9) to Ten (10)	
• Number of votes for the Motion	49
• Number of votes against the motion	3
Motion 4: To limit the number of CareCoop Board Members from member organizations to 20%	
• Number of votes for the Motion	11
• Number of votes against the motion	40
Motion 5: Remove Clause that members should not access loans when their member organizations are in default in relation to payments to CareCoop	
• Number of votes for the Motion	**29**
• Number of votes against the Motion	**12**

7. CLOSING REMARKS, PRAYER AND LUNCH

The Board Chairperson concluded the 2018 EGM by sincerely thanking all the delegates who attended the meeting. He gave a closing prayer, invited the EGM delegates to lunch, and officially closed the EGM at 14:34 Hours.

SIGNED:

Mr. Daniel Banda
BOARD SECRETARY

Mr. Fidelity Milambo
BOARD CHAIRPERSON

With the above changes to the By-Laws, Ms. Lillian Mulenga (CIDRZ) proposed that the By-Laws be adopted, while Mr. Ezechias Matabaro (Pinewood School) seconded the proposal. Consequently, CareCoop revised By-Laws were adopted by the CareCoop EGM held on 15th December 2018 at the Government Complex in Lusaka. The Board Secretary informed the EGM that as provided for in the Cooperative Act number 20 of 1998, the 3 copies of the approved By-Laws shall be submitted to the Registrar of Cooperative for attestation at Ministry of Commerce, Trade and Industrial.

EGM ATTENDANCE REGISTER HELD ON 15th DECEMBER 2018

No.	Member #	Name	Organisation
1	000065	Mr Patrick Kabwita	Africare
2	000051	Getrude K.Musonda	Africare
3	000113	Mr Isaac Muleba	CareCoop
4	000299	Mrs Juliet Mabhena Msoni	G/Member
5	000431	Mrs zulu Chileshe Madesta	Unc-gpz
6	000449	Mr Mwendafilumba Martha	G/Member
7	000524	Mr Lupiya Bridget	G/Member
8	000586	Mr Mwanza Gordon	Cidrz
9	000601	Mr Willombe Anthony	Cidrz
10	000602	Beauty S Hachiboloma	Cidrz
11	000613	Patricia Shilimi w.k Jacinta	Cidrz
12	000615	Mufwempa Sharon	Cidrz
13	000625	Lilian Chifunda Muke	Cidrz
14	000629	Ms Phiri Muchende Dorothy	Unc-gpz
15	000643	Mr Fidelity Milambo	CRS
16	000660	Mr Chifundo Phiri	Cidrz
17	000688	Ms Dube Joyce	Cidrz
18	000698	Nkole Chilufya Angela	Cidrz
19	000707	Mr Kalichini Paul	Cidrz
20	000724	Dr Nhandu Venerandah	G/Member
21	000744	Mr Gerald Muche	Cidrz
22	000779	Mr Stanley Mwale	Cidrz
23	000855	Mboo Caroline	Cidrz
24	000873	Chinyama Manze	Ungpz
25	000895	Mumba Esnart	Cidrz
26	000907	Tembo Grace Mweemba	Cidrz
27	000936	Mr Obrian Luneta	Cidrz
28	000953	Phiri Martha	Cidrz
29	000964	Mr Sinyangwe John	Cidrz
30	001010	Moyo Tamara	Cidrz
31	001014	Mr Mpande James	Cidrz
32	001050	Musonda Mulozi	Cidrz
33	001089	Mr Nebby Munsanje	Cidrz
34	001106	Mrs Sylvia Fungamwango	Cidrz
35	001210	Mrs Regina Munsanje Milambo	Save the children
36	001243	Mr Chimuka Muyuni	Egpaf
37	001288	Mr Botha John	World Vision
38	001295	Ms Regis Gwaba	G/Member
39	001320	Mrs Mary Bwalya Chishimba	G/Member
40	001331	Mr Joseph Munsanje	G/Member
41	001334	Mr Simugala Richard	G/Member
42	001383	Mrs Irene Singongo	G/Member
43	001420	Febby Banda Kawamya	G/Member
44	001450	Mrs Demetria Masebo	G/Member
45	001470	Mr Makokwa Mack Mwala	Chaz
46	001550	Mr kakene Charlton	G/Member
47	001573	Mr Mambo Chiluwe	G/Member
48	001685	Miss Chiwila Melody	G/Member
49	001781	Mrs Gwati Chitalima	G/Member
50	001852	Mulenga Sinyangwe Maches	Jsi-Aidsfree
51	001971	Ms Rose Lungu	Plan Inter
52	002010	Mwendapole Grace Mwila	G/Member
53	002018	Mr Mubanga Chama	Plan Inter
54	002082	Mungazi Rejoice	Efc
55	002159	Mr Abraham Alutuli	G/Member
56	002164	Mr Alfred Chitomfwa	G/Member

No.	Member #	Name	Organisation
57	002188	Mrs Rosie Chibesa Lumbi	G/Member
58	002238	Mrs Nofita Chitema	G/Member
59	002360	Mr Euphrasia Phiri Mtonga	G/Member
60	002420	Mr onesmus Mweemba	Cidrz
61	002443	Chulu KM Thelma	G/Member
62	002599	Mr Kelly Siame	Embassy of Ireland
63	002615	Mr daniel banda	Cidrz
64	002688	Mr Aiphonso Makonge Chama	Discover
65	002689	Mr Blackwell Kunda	Fh1360
66	002716	Mr Chalwa Sami	Efc
67	002724	Mr moses Zimba	G/Member
68	002735	Mr derrick Mukwemba	Cidrz
69	002781	Mr Read Hakantu	Cidrz
70	002837	Miss Mumbuna N Nalishuwa	G/Member
71	002962	Mr Jonathan Miti	Zchard
72	002985	Dr Chilufya Pikiti Nyirenda	Cidrz
73	003098	Mr Ezechias Matabaro	Pine wood
74	003109	Miss Lontia Chinkubala	G/Member
75	003323	Mr Maambo Bertson	Banani
76	003366	Mrs Mukuni Melody	Efc
77	003402	Kabamba Mutale	Cidrz
78	003404	Mr simbeya Freddie	Pine wood
79	003405	Mr Man fred Choongo	Pine wood
80	003406	Mr mtonga Dickson	Pine wood
81	003454	Miss Alexander Mvula	Crs
82	003455	Miss Loveness -Chiumya	Efc
83	003485	Lubasi Imasiku	Cidrz
84	003500	Lyabola Lane -Lee	Cidrz
85	003539	Mrs Milimo Deborah Kaluba	Zambart
86	003587	Mr Felix Daka	Diakonia
87	003588	Mr Edward Nkula Goma	Diakonia
88	003650	Bwalya Grace Mpanga	Zambart
89	003653	Mr Dziko Williams Phiri	Zambart
90	003856	Mrs Mary Banda	Crs
91	004048	Chrispine Chupa	Plan Inter
92	004077	Bxyn Mulenga Kangololo	Zambart
93	004603	Caroline Mubita	Pine wood
94	004683	Nkatya Kasese	Zambart
95	004773	Miss Rose Lungu	Unc
96	004774	Miss Chileshe Catherine Kasonde	Unc
97	004776	Mr Lastone Zulu	Unc
98	004777	Mr boniface Chileshe	Unc
99	004779	Mrs Mary Phiri	Unc
100	004783	Mrs Esther Banda Chabu	Unc
101	004788	Mrs Lucia Katongo Nkhata	Unc
102	004837	Ms Cecilia kaonga	Usaid -Discover
103	004841	Mwila Fanny Bwalya	Usaid-Discover
104	004863	Helen Kyembe Mwamba	Bbc Ma
105	004907	Esther Sakala	Usaid-Safe
106	005000	Felistas Mwansa Mbewe	Unc-gpz
107	005020	Mulumba Mwangilwa	Faweza
108	005051	Austin Kamunjomwa Vwaali	Snc
109	005290	Juliet Kapoma Malukutila	CareCoop
110	005381	Milimo Delhan Hamomba	Aphl

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	2018 ZMW	2017 ZMW Restated
Surplus/(Deficit) before tax	7,611,611	(339,014)
Income tax expense	-	-
Surplus for the year	7,611,611	(339,014)

DIVIDEND

The directors propose a final dividend of ZMW 113.16 per share (2017: ZMW 88.99 per share) amounting to a total of ZMW 3,238,971 (2017: ZMW 2,082,375).

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 6 years.

INDEPENDENT AUDITOR

The Cooperative's auditor, PKF Zambia Chartered Accountants continued 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

05 APRIL, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Cooperative Societies Act, 1998, requires the directors to prepare financial statements for each 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 2018 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.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Cooperative's ability to continue as a going concern.

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 05 APRIL, 2019 signed on its behalf by:

BOARD MEMBER

Dorothy Banda

BOARD MEMBER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CARE COOPERATIVES SAVINGS AND CREDIT SOCIETY LIMITED

Opinion

We have audited the financial statements of Care Cooperatives Savings and Credit Society Limited (the Cooperative) set out on pages 6 to 36 which comprise the statement of financial position as at 31 December 2018, the statement of income and expenditure and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Cooperative as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) and the Cooperative Societies Act, 1998.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 opinion.

Other information

The directors are responsible for the other information. The other information comprises the Cooperative information, report of the directors and the schedule of expenditure but does not include the financial statements and our report of the independent auditor thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Societies 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.

Those charged with governance are responsible for overseeing the Cooperative's financial reporting process.

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Partners: Antony Ranjan, Stephen Chibwe, Rajarathnam Ravisankar, Simon Njelemba

PKF
Accountants & business advisers

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CARE COOPERATIVES SAVINGS AND CREDIT SOCIETY LIMITED (CONTINUED)

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 scepticism throughout the audit. We also:

i. 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 override of internal control.
ii. 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 appropriateness of the Cooperative's internal control.
iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
iv. 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 report of the independent auditor 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.
v. 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
As required by the Cooperative Societies Act, 1998 we report to you, based on our audit, that:

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 account have been kept by the Cooperative, so far as it appears from our examination of those books; and
iii. the Cooperative's statement of financial position and statement of profit or loss 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 M/PC0000589.

PKF Zambia
Chartered Accountants
5 April 2019
LUSAKA

Steve Chibwe

Our Reference: ARLSK/035/2019

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

	Notes	2018 ZMW	2017 ZMW Restated
Interest income	2	15,174,599	8,906,482
Fees	3	444,424	411,358
Interest expense	4	(3,758,259)	(2,690,144)
Impairment of loans and advances	5	(1,886,583)	(3,715,140)
Operating surplus		9,974,181	2,912,556
Fair value gain on investment property	13	145,533	1,027,447
Write back/(Impairment) of receivables and payables	Sch 3	1,943,259	-579,523
Administrative expenses	Sch 1	(4,435,653)	(3,452,509)
Board and committee expenses	Sch 2	(412,346)	(244,637)
Finance income/(costs)	6	(189,853)	(216,265)
Net operating surplus/(deficit)		7,025,121	(552,931)
Other income	7	586,490	213,917
Surplus/(Deficit) before tax		7,611,611	(339,014)
Income tax expense	9	-	-
Surplus/(Deficit) for the year		7,611,611	(339,014)
Other comprehensive surplus:			
Items that will not be reclassified subsequently to profit or loss:			
Deficit/Surplus on revaluation of property, plant and equipment	12	158,370	160,202
Total other comprehensive surplus		158,370	160,202
Total comprehensive surplus for the year		7,769,981	(178,812)
Total comprehensive surplus for the year is attributable to:			
- Retained earnings		5,867,550	(1,725,213)
- Capital funds		498,303	500,000
- General reserves		996,606	708,959
- Educational fund		249,152	177,240
- Revaluation reserves		158,370	160,202
		7,769,981	(178,812)
Dividend:			
Proposed dividend for the year	27	3,238,971	2,082,375

The notes on pages 10 to 36 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 5.

STATEMENT OF FINANCIAL POSITION

	Notes	2018 ZMW	2017 ZMW Restated	2016 ZMW Restated
		As at 31 December		
ASSETS				
Property, plant and equipment	12	2,567,322	2,126,172	3,796,699
Investment property	13	3,564,350	3,418,817	-
Intangible assets	14	43,647	105,376	176,166
Inventory	15	400,000	-	-
Cash and bank balances	16	5,950,923	7,915,492	6,130,801
Loans and advances	17	53,988,777	40,046,685	32,986,058
Other financial assets	18	12,000,000	9,016,610	5,178,056
Other receivables	19	270,093	147,084	859,443
Total assets		78,785,112	62,776,236	49,127,223
EQUITY AND LIABILITIES				
Capital and reserves				
Members' shares	10	1,533,450	1,149,500	708,500
Share premium		8,252,769	4,134,774	437,660
Revaluation reserves		691,001	2,029,712	1,869,510
Capital fund		1,448,303	950,000	450,000
Insurance fund		1,249,194	515,326	225,214
General reserves		2,633,669	1,637,063	340,560
Educational fund		823,061	573,909	451,077
Retained earnings		3,238,971	-2,628,579	1,914,753
Proposed dividend	27	-	2,082,375	-
		19,870,418	10,444,080	6,397,274
Liabilities				
Members' saving	20	57,505,471	51,003,808	41,778,341
Provisions	21	241,554	253,556	121,896
Other payables	22	1,167,669	1,074,792	829,712
		58,914,694	52,332,156	42,729,949
Total equity and liabilities		78,785,112	62,776,236	49,127,223

The financial statements and the notes on pages 6 to 36 were approved and authorised by the board on the

05 APRIL, 2019 and were signed on its behalf by:

BOARD MEMBER   BOARD MEMBER

The notes on pages 10 to 36 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 5.

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
31 December 2017											
At start of year											
As previously stated	450,000	225,214	340,560	451,077	1,466,851	748,900	437,660	1,869,510	-	659,521	5,182,442
Prior year adjustment	-	-	-	-	-	(40,400)	-	-	-	1,255,232	1,214,832
Restated	450,000	225,214	340,560	451,077	1,466,851	708,500	437,660	1,869,510	-	1,914,753	6,397,274
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	-	(1,725,213)	(178,812)
At end of year	950,000	515,326	1,637,063	573,909	3,676,298	1,149,500	4,134,774	2,029,712	2,082,375	(2,628,579)	10,444,080
31 December 2018											
At start of year											
As previously stated	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
Prior year adjustment	-	-	-	-	-	(40,400)	-	-	-	(2,628,579)	(2,668,979)
Restated	950,000	515,326	1,637,063	573,909	3,676,298	1,149,500	4,134,774	2,029,712	2,082,375	(2,628,579)	10,444,080
Utilised	-	-	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	383,950	4,117,995	-	-	-	4,501,945
Dividends - Paid	-	-	-	-	-	-	-	-	(2,082,375)	-	(2,082,375)
- Proposed		-	-	-	-	-	-	-	-	-	-
Movement	-	733,868			733,868	-	-	(1,497,081)	-	-	(763,213)
Total comprehensive surplus	498,303	-	996,606	249,152	1,744,061	-	-	158,370	-	5,867,550	7,769,981
At end of year	1,448,303	1,249,194	2,633,669	823,061	6,154,227	1,533,450	8,252,769	691,001	-	3,238,971	19,870,418

The notes on pages 10 to 36 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 to 5.

(i) The prior year adjustments are tabulated on note 31.
(ii) Capital Fund has been created to facilitate the procurement of software and other capital items.
(iii) 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.
(iv) General reserve represents 20% of appropriated profits set aside to strengthen the capital base of the Cooperative.
(v) 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.
(vi) Members' shares represent members' residual interest in the assets of the Cooperative after deducting all of its liabilities.
(vii) Share premium reserve represents the amount the Cooperative raised on the issue of shares in excess of the par value of the shares.
(viii)Revaluation reserve relates to accumulated surplus on revaluation of property and investment property.
(ix) Proposed dividends represents dividends proposed during the year out of appropriated profits.
(x) Retained earnings represent 75% of the appropriated profits for the year. Retained earnings is carried forward profits plus current year profit less dividends distributed.

STATEMENT OF CASH FLOWS

	Notes	2018 ZMW	2017 ZMW Restated
Operating activities			
Operating surplus/(deficit) for the year		7,611,611	(339,014)
Adjusted for:			
Depreciation on property, plant and equipment		202,089	140,927
Amortisation of intangible assets		61,729	70,790
Gain on disposal of property, plant and equipment		-	(26,276)
Net increase in fair value of investment property		(145,533)	(1,027,447)
Operating profit before changes in operating funds		7,729,896	(1,181,020)
Increase in loans and advances to members		(13,942,092)	(7,060,627)
(Increase)/ decrease in other receivables		(123,009)	712,359
Increase in inventory		(400,000)	-
Increase in other payables		92,877	245,080
(Decrease)/increase in provisions		(12,002)	131,660
Net cash used in operating activities		(6,654,330)	(7,152,548)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	80,000
Purchase of property, plant and equipment	12	(484,869)	(167,748)
Purchase of financial assets (maturing after 91 days)	17	-	3,678,056
Net cash in (out flow)/inflow from investing activities		(484,869)	3,590,308
Cash from financing activities			
Net increase in members' savings		6,501,663	9,225,467
Net increase in members' shares		383,950	441,000
Net increase in share premium account		4,117,995	3,697,114
Net increase in insurance reserves		733,868	290,112
Educational fund expenses		-	(54,408)
Decrease in revaluation reserve due to transfer to retained earning		(1,497,081)	-
Dividends paid	26	(2,082,375)	(735,744)
Net cash inflow from financing activities		8,158,020	12,863,541
Increase in cash and cash equivalents		1,018,821	9,301,301
Movement in cash and cash equivalents			
Increase in cash and cash equivalents		1,018,821	9,301,301
Cash and cash equivalents at the beginning of the year		15,432,102	6,130,801
Cash and cash equivalents at the end of the year	16	16,450,923	15,432,102

The notes on pages 10 to 36 form an integral part of these financial statements.

Report of the independent auditor - Pages 4 and 5.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Cooperative Societies Act, 1998. The statement of profit or loss and other comprehensive income represent the profit and loss account referred to in the Cooperative Societies Act, 1998. The statement of financial position represents the balance sheet referred to in the Cooperative Societies Act, 1998.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the Cooperative is set out in the report of the Directors and in the statement of income and expenditure and other comprehensive income. The financial position of the Cooperative is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 15.

Having made an assessment of the Cooperative's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Cooperative's ability to continue as a going concern.

b) New and amended standards adopted by the Cooperative

All new and amended standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2018 have been adopted by the Cooperative. Of those, the following has had an effect on the Cooperative’s financial statements:

IFRS 9 requires all financial assets to be measured at fair value on initial recognition and subsequently at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards adopted by the Cooperative (continued)

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at the inception of a contract; this will require judgement in quantifying the impact of forecast economic factors. For financial assets for which there has not been a significant increase in credit risk since initial recognition, the loss allowance should represent ECLs that would result from probable default events within 12 months from the reporting date (12-month ECLs). For financial assets for which there has been a significant increase in credit risk, the loss allowance should represent lifetime ECLs. A simplified approach is allowed for trade receivables and lease receivables, whereby lifetime ECLs can be recognised from inception.

The Cooperative has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. The Cooperative did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Cooperative elected not to restate comparative figures. Therefore the adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in opening retained earnings.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Cooperative. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in note 1(a) (i) and note 15.

(i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
Financial assets	Measurement category	Carrying amount ZMW	Measurement category	Carrying amount ZMW
Cash and bank balances	Amortised cost	7,915,492	Amortised cost	7,915,492
Loans and advances	Amortised cost	40,046,685	Amortised cost	36,742,007
Other financial assets	Amortised cost	9,016,610	Amortised cost	9,016,610
Other receivables	Amortised cost	147,084	Amortised cost	147,084
		57,125,871		53,821,193

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards adopted by the Cooperative (continued)

(i) Classification and measurement of financial instruments (continued)

	IAS 39		IFRS 9	
Financial liabilities	**Measurement category**	**Carrying amount ZMW**	**Measurement category**	**Carrying amount ZMW**
Members' saving	Amortised cost	51,003,808	Amortised cost	51,003,808
Other payables	Amortised cost	1,167,669	Amortised cost	1,167,669
		52,171,477		52,171,477

(ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Cooperative performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

There has been no change in the classification of financial instruments. Financial instruments are classified at amortised cost. The changes in measurement are in line with (i) above.

(iii) Significant and material impacts

- Total provision for impairment of loans and advances increased by ZMW 3,304,678 from ZMW 464,777 as at 31 December 2017 to ZMW 3,769,455 as at 1 January 2018.
- There has been no changes in 'classification and measurement'.
- Overall decrease in equity due to adoption of IFRS 9 is ZMW3,304,678.

IFRS 15: Revenue from contracts with customers
Under IFRS 15, revenue from sales of services is recognised over time, provided the consumption of the service by the customer is simultaneous with the performance of the service by the Cooperative. The application of the standard, retrospectively, in the current year has not had a material impact on the financial position or financial performance of the Cooperative, and a prior period adjustment has, therefore, not been required. However, minor changes in presentation have been necessary.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards adopted by the Cooperative (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to remeasurement of previously held interests on a joint operation on obtaining control.
- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.
- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2022 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (issued in December 2016) effective for annual periods beginning on or after 1 January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes.

The directors expect that the future adoption of IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The society plans to apply the changes above from their effective dates.

c) Critical accounting estimates and judgement

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Measurement of Expected Credit Losses (ECL):

  The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Critical accounting estimates and judgement (continued)

- **Measurement of Expected Credit Losses (ECL) (continued):**

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- *Stage 1* - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- *Stage 2* - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The Cooperative uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For loans and advances, the Cooperative has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- **Useful lives of property and equipment and intangible assets**

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition

The Cooperative recognises revenue as and when it satisfies a performance obligation by completing the service to to a member. The amount of revenue recognised is the amount the Cooperative expects to receive in accordance with the terms of the contract as below, and excludes amounts collected on behalf of third parties.

i) Interest income is accrued by reference to the principal and the interest rate applicable
ii) Rental income is accrued by reference to time on a straight line basis over the lease term
iii) Income from the family event is recognised based on collections.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Zambian Kwacha (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences are recognised in the profit or loss in the year which they arise.

f) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Land and buildings are subsequently shown at market value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Cooperative and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Land is leasehold and is not depreciated.

Depreciation on all other assets is calculated on straight line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (continued)

	Rate
Buildings	2%
Motor vehicles	20%
Furniture and equipment	20%
Computer equipment	20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

g) Investment property

Investment property are long-term investments in land and buildings that are not occupied substantially for own use. Investment property are initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in profit or loss.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred. Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating profit or loss.

h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

i) Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 3 years.

i) Impairment of non-financial assets

At the end of each reporting period, the Cooperative reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment of non-financial assets (continued)

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Financial instruments

Financial instruments are recognised when, and only when, the Cooperative becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Cooperative commits itself to the purchase or sale.

Financial assets

The Cooperative's financial assets include cash and cash equivalents, loans and advances, other financial assets (mainly fixed deposits) and other receivables. These are classified into the following categories:

i) Amortised cost;
Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the Cooperative determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Cooperative reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Cooperative has not identified a change in its business models.

Derecognition/write off
Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Cooperative has transferred substantially all risks and rewards of ownership, or when the Cooperative has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost.

Impairment
The Cooperative recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:

- Cash and bank balances
- Loans and advances
- Other financial assets
- Other receivables

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

Financial assets (continued)

i) Amortised cost (continued);

Impairment (continued)

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

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

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the Statement of Financial Position date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

The Cooperative's financial liabilities include member savings and other payables. These are classified into the following categories:

The Cooperative classifies its financial liabilities into the following categories:

i) Amortised cost;

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Cooperative's normal operating cycle, those payable or expected to be paid within 12 months of the Statement of Financial Position date and those which the Cooperative does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Inventory

Inventories comprise work in progress and are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) basis and comprises all costs attributable to bringing the properties to their current location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days.

m) Taxation

The tax expense for the year comprises current and deferred tax. Tax is charged to profit or loss.

Current tax
Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

n) Members' shares

Members' shares are classified as equity.

o) Dividends

Dividend is recognised as a liability by transferring funds from retained earnings to dividend account. Proposed dividends are disclosed as a separate component of equity. This reserve is distributable.

p) Accounting for leases

The Cooperative as lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. Leased assets are recorded at fair value. Gains and losses on disposal of leased assets are determined by reference to their carrying amount and are taken into account in determining operating surplus.

q) Provisions

Provisions for gratuity are recognised when the Cooperative has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions for future operating losses are not recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

r) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

s) Retirement benefit obligations

The Cooperative and its employees contribute to the National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme registered under the NAPSA Act. The Cooperative's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate. The Cooperative has no further payment obligations once the contributions have been paid.

t) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year as per the schedule below:

	2017 Restated	Adjustment	2017 Audited financial statements
1 Loan and advances	40,046,685	-3,304,678	43,351,363
2 Impairment of loans and advances (Note 4)	3,715,140	3,304,678	410,462
3 Member shares	1,149,500	-40,400	1,189,900
4 Member savings	51,003,808	-237,612	51,241,420
5 Impairment/(write back) of receivables and payables	579,523	579,133	390
6 Cash and bank balances (Note 16)	7,915,492	398,087	7,517,405

- Adjustment 1 relates to change in impairment as a result of adoption of IFRS 9 which prescribes a new method of computing impairment on financial assets
- Adjustment 2 relates to change in impairment as a result of adoption of IFRS 9 which prescribes a new method of computing impairment on financial assets
- Adjustment 3 relates to changes made as a result of reconciling member shares
- Adjustment 4 relates to changes made as a result of reconciling member savings for 2016 (ZMW 1,124,832) and 2017 (ZMW 977,220)
- Adjustment 5 relates to changes made as a result of reconciling member savings for 2017
- Adjustment 6 relates to changes made as a result of reconciling Barclays Operations account

	2018	2017
2. Interest income	ZMW	ZMW
Interest on loans and advances	13,563,417	7,790,495
Interest on investments	1,540,346	1,077,914
Interest on bank accounts	70,836	38,073
	15,174,599	8,906,482

3. Fees

Fees for registration and penalties	444,424	411,358

4. Interest expense

Interest on savings	3,758,259	2,690,144

5. Impairment of loans and advances

Increase in specific provision (Note 17)	1,886,583	3,715,140
	1,886,583	3,715,140

6. Finance (costs)/income

Bank charges and commissions	189,853	171,831
Foreign exchange gain/(losses)	-	44,434
Total finance (costs)/income	189,853	216,265

7a. Other income

Rental income	210,600	123,450
Net income from family event (Note 7b.)	96,725	51,191
Profit on disposal of property, plant and equipment	-	26,276
Other income	279,165	13,000
	586,490	213,917

Other income includes unidentified deposits which are more than 12 months old written back as per policy.

Income from family event

7b. Income from family event	96,725	409,867
Expenses for family event	-	-358,676
Net income from family event (Note 7a.)	96,725	51,191

8. Staff costs

Salaries and wages	1,775,666	1,643,709
Staff gratuity	331,500	275,164
NAPSA	94,431	68,859
Staff welfare	382,138	234,931
Casual wages	64,878	45,606
Staff training	65,228	24,742
Recruitment cost	6,100	7,600
	2,719,941	2,300,611

9. Taxation

No income tax is recognised in these financial statements as the Cooperative's gross revenue per member was below the taxation threshold of K39,600 (2017: ZMW36,000) as provided for in the Second Schedule of the Zambian Income Tax Act.

	2018 ZMW	2017 ZMW Restated
Interest and fees income (statement of income and expenditure and other comprehensive income)	9,974,181	2,912,556
Other income (note 7 a)	586,490	213,917
Gross income	10,560,671	3,126,473
Number of members	4,278	2,747
Income per member	2,469	1,138

10. Share capital

Authorised issued and fully paid		
30,669 (2017:22,990) ordinary shares of ZMW 50 each	1,533,450	1,149,500

The authorised share capital of the Cooperative was increased from ZMW 1,149,500 representing 22,990 ordinary shares of ZMW 50 each (fair value ZMW 481.65 per share) to ZMW 1,533,450 representing 30,669 ordinary shares of ZMW 50 each (fair value ZMW 463.51 per share).

11. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 35% (2017: 35%). As at 31 December 2018 and 2017, the Cooperative was exempt from tax as the limits described under note 9 had not been crossed. As a result there is therefore no deferred tax balance as at 31 December 2018 and 2017.

12. Property, plant and equipment

31 December 2018	Land and buildings ZMW	Motor vehicles ZMW	Furniture and equipment ZMW	Computer equipment ZMW	Total ZMW
Cost or valuation					
At start of year	1,781,184	98,947	345,955	315,310	2,541,396
Additions	-	320,781	89,058	75,030	484,869
Reversal of accumulated depreciation on revaluation	(8,906)	-	-	-	(8,906)
Surplus on revaluation	158,370	-	-	-	158,370
At end of year	1,930,648	419,728	435,013	390,340	3,175,729
Comprising					
Cost	-	419,728	435,013	390,340	3,175,729
Valuation	1,930,648	-	-	-	1,930,648
	1,930,648	419,728	435,013	390,340	5,106,377
Depreciation					
At start of year	8,906	52,357	163,763	190,198	415,224
Reversal of accumulated depreciation on revaluation	(8,906)	-	-	-	(8,906)
Charge for the year	-	72,807	40,640	88,642	202,089
At end of year	-	125,164	204,403	278,840	608,407
Net book value	1,930,648	294,564	230,610	111,500	2,567,322

31 December 2017	Land and buildings ZMW	Motor vehicles ZMW	Furniture and equipment ZMW	Computer equipment ZMW	Total ZMW
Valuation					
At start of year	3,671,320	197,894	230,327	263,190	4,362,731
Additions	-	-	115,628	52,120	167,748
Disposal	-	(98,947)	-	-	-98,947
Transfer to investment property	(1,791,370)	-	-	-	-1,791,370
Reversal of accumulated depreciation on revaluation	(260,967)	-	-	-	-260,967
Surplus on revaluation	162,201	-	-	-	162,201
At end of year	1,781,184	98,947	345,955	315,310	2,541,396
Comprising					
Cost	-	98,947	345,955	315,310	760,212
Valuation	1,781,184	-	-	-	1,781,184
	1,781,184	98,947	345,955	315,310	2,541,396
Depreciation					
At start of year	260,967	57,720	124,642	122,703	566,032
Reversal of accumulated depreciation on revaluation	(260,967)	-	-	-	-260,967
Disposals	-	(30,768)	-	-	-30,768
Charge for the year	8,906	25,405	39,121	67,495	140,927
At end of year	8,906	52,357	163,763	190,198	415,224
Net book value	1,772,278	46,590	182,192	125,112	2,126,172

All the additions during the year were made on a cash basis.

12. Property, plant and equipment (continued)

If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

31 December 2018	Land and buildings ZMW	Motor vehicles ZMW	Furniture and equipment ZMW	Computer equipment ZMW	Total ZMW
Cost					
At start of year	1,781,184	98,947	345,955	315,310	2,541,396
Transfer to revaluation reserve	-541,538	-	-	-	-541,538
Additions	-	320,781	89,058	75,030	484,869
At end of year	1,239,646	419,728	435,013	390,340	2,484,727
Depreciation					
At start of year	8,906	52,357	163,763	190,198	415,224
Charge for the year	-	72,807	40,640	88,642	202,089
At end of year	8,906	125,164	204,403	278,840	617,313
Net book value	1,230,740	294,564	230,610	111,500	1,867,414

31 December 2017	Land and buildings	Motor vehicles ZMW	Furniture and equipment ZMW	Computer equipment ZMW	Total ZMW
Cost					
At start of year	3,671,320	197,894	230,327	263,190	4,362,731
Transfer to investment property	-1,791,370	-	-	-	-1,791,370
Additions	-98,766	-	115,628	52,120	68,982
Disposal	-	-98,947	-	-	-98,947
At end of year	1,781,184	98,947	345,955	315,310	2,541,396
Depreciation					
At start of year	260,967	57,720	124,642	122,703	566,032
Disposals	-252,061	-30,768	-	-	-282,829
Charge for the year	-	25,405	39,121	67,495	132,021
At end of year	8,906	52,357	163,763	190,198	415,224
Net book value	1,772,278	46,590	182,192	125,112	2,126,172

Land and buildings were professionally valued on 20 February 2019 by Five Star Properties on the basis of open market value. The book values of the properties were adjusted to the revaluations and the resultant surplus was credited to other comprehensive income.

In determining the valuations for land and buildings, the valuer refers to current market conditions including recent sales transactions of similar properties - assuming the highest and best use of the properties.

Land and building are not depreciated as the Board are of the opinion that the residual value exceeds cost.

13. Investment property

	2018 ZMW	2017 ZMW
At start of year	3,418,817	-
Transfer from property, plant and equipment (note 12)	-	1,791,370
Fair value gain/(loss)	145,533	1,027,447
Additions	-	600,000
At end of year	3,564,350	3,418,817

The fair value of investment property was determined by reference to the market prices of similar properties of a similar type and in the area in which the property is situated. The valuation was carried out by Five Star Properties an independent professional valuer with recent experience in the location and category of the investment property being valued. The valuation was carried out on 20 February 2019 for both the property in Libala and property in Chudleigh.

The table above presents the changes in the carrying value of the investment property arising from these fair valuation assessments.

The following amounts are included under profit or loss in respect of the investment properties:

	2018 ZMW	2017 ZMW
Rental income	210,600	123,450
Less: direct rental expenses arising from investment properties that generate rental income	48,552	(47,208)
	259,152	76,242

14. Intangible assets

Intangible assets comprise of computer software.

	2018 ZMW	2017 ZMW
Cost		
At start of year	204,489	204,489
At end of year	204,489	204,489
Amortisation		
At start of year	99,113	28,323
Charge for the year	61,729	70,790
At end of year	160,842	99,113
Net book value	43,647	105,376

15. Inventory

	2018 ZMW	2017 ZMW
Leasehold land	400,000	-
	400,000	-

Inventory relates to land purchased by the Cooperative which will be a loan product offered to members once the sub-divisions are finalized.

16. Cash and bank balances

	2018 ZMW	2017 ZMW
Cash on hand	75	-
Bank balances	5,950,848	7,915,492
	5,950,923	7,915,492

For the purpose of the statement of cash flows, the year end cash and bank balances comprise the following:

	2018 ZMW	2017 ZMW
Cash and bank balances	5,950,923	7,915,492
Financial assets maturing within 91 days (Note 18)	10,500,000	7,516,610
	16,450,923	15,432,102

The Cooperative's cash and bank balances are held with major Zambian financial institutions and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the Cooperative's cash and bank balances are denominated in the following currencies:

	2018 ZMW	2017 ZMW
Zambian Kwacha	5,789,139	7,347,745
US Dollar	161,784	169,660
	5,950,923	7,517,405

17. Loans and advances

	2018 ZMW	2017 ZMW Restated
Loans and advances	56,095,824	42,358,869
Loans and advances to related parties	2,218,141	1,130,066
	58,313,965	43,488,935
Less: Provision for expected credit losses	(5,656,039)	(3,769,455)
Net loans and advances	52,657,926	39,719,480
Interest receivable	1,330,851	327,205
Total loans and advances	53,988,777	40,046,685

17. Loans and advances (continued)

	2018 Gross amount ZMW	ECL allowance ZMW	Carrying amount ZMW	2017 Gross amount ZMW	Loss provision ZMW	Carrying amount ZMW
Loans and advances	58,313,965	-5,656,039	52,657,926	43,488,935	-3,769,455	39,719,480
Interest receivable	1,330,851	-	1,330,851	327,205	-	327,205
	59,644,816	-5,656,039	53,988,777	43,816,140	-3,769,455	40,046,685

In the opinion of the directors, the carrying amounts of loans and advances approximate to their fair value.

	2018 ZMW	2017 ZMW Restated
Loans and receivables at amortised cost:		
At start of year	39,719,480	32,986,058
Advances	94,693,848	49,670,327
Repayments	(79,868,819)	(39,221,765)
Less: Impairment	(1,886,583)	(3,715,140)
At end of year	52,657,926	39,719,480
The aged analysis of loans and advances is below:		
1 - 30 days	19,948,579	10,860,185
31 - 90 days	2,167,793	332,544
Over 90 days	36,197,593	32,296,206
	58,313,965	43,488,935

Loans and advances that are aged past 240 days are considered past due.

	2018 ZMW	2017 ZMW Restated
The movement in impairment is as follows:		
At start of the year	3,769,456	62,816
Bad debts written off	-	(8,500)
Charge for the year (note 5)	1,886,583	3,715,140
At end of the year	5,656,039	3,769,456

The carrying amounts of the Cooperative's loans and advances are denominated in the following currencies:

	2018 ZMW	2017 ZMW Restated
Zambian Kwacha	53,988,777	40,046,685

18. Other financial assets

Financial assets comprise of fixed deposits as follows:

	2018 ZMW	2017 ZMW Restated
Amortised cost		
At start of year	9,016,610	5,178,056
Additions	12,000,000	6,400,000
Maturities	-9,016,610	(2,561,446)
At end of year	12,000,000	9,016,610

18. Other financial assets (continued)

Amortised cost can be analysed as follows:	2018 ZMW	2017 ZMW
Maturing within 91 days (Note 16)	10,500,000	7,516,610
Maturing after 91 days	1,500,000	1,500,000
	12,000,000	9,016,610

The Cooperative has not reclassified any held to maturity financial assets measured at amortised cost to fair value during the year.

None of the financial assets is either past due or impaired.

The Cooperative's other financial assets are held with major Zambian financial institutions and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the Cooperative's other financial assets are denominated in the following currencies:

	2018 ZMW	2017 ZMW
Zambian Kwacha	12,000,000	9,016,610

19. Other receivables

Other debtors	132,071	131,846
Fundraising ventures (T-shirts)	90,760	9,760
Staff loans	4,762	5,478
Rental prepayments	42,500	-
	270,093	147,084

In the opinion of the directors, the carrying amounts of other receivables approximate to their fair value. The directors are of the opinion that the Cooperative's exposure to credit risk from other receivables is immaterial.

The carrying amounts of the Cooperative's other receivables are denominated in the following currencies:

	2018 ZMW	2017 ZMW
Zambian Kwacha	270,093	147,084

20. Members savings

	2018 ZMW	2017 ZMW Restated
Members savings	57,505,471	51,003,808

In the opinion of the directors, the carrying amounts of member savings approximate their fair value.

The carrying amounts of the member savings are denominated in the following currencies.

Zambian Kwacha	57,505,471	51,003,808

In the opinion of the directors, it is impracticable to analyse the maturity of member savings as they mature as and when members wish to withdraw their savings.

21. Provisions

Gratuity	2018 ZMW	2017 ZMW
At start of year	253,556	121,896
(Decrease)/increase in the provision	-12,002	131,660
At end of year	241,554	253,556

Method of computation
Gratuity is computed based on two months salary for every year served.

22. Other payables

	2018	2017
Accrued expenses	452,599	674,792
Purchase of Land (Balance)	400,000	400,000
Other payables	67,110	-
Unidentified deposits	247,960	-
	1,167,669	1,074,792

The average credit period on purchases is 30 days. No interest is charged on overdue payables. The Cooperative has a risk management policy in place to ensure that all payables are paid within the pre-agreed credit terms.

The balance payable for the purchase of land relates to land bought by the Cooperative on behalf of its members costing ZMW 2,000,000. The ZMW 400,000 is a balance which has been reserved for processing of title deeds.

Unidentified deposits relate to deposits with limited narrations made by members which result in the Cooperative not debiting the amounts to members' accounts. The policy of the Cooperative is to write off to other income unallocated deposits which are more than 12 months. The policy was introduced in 2018. The Cooperative wrote off unallocated deposits amounting to ZMW 258,179 (2017: Nil) which is included in other income (note 7a).
The maturity analysis of the Cooperative's other payables is as follows:

Year ended 31 December 2018	**0 to 1 month ZMW**	**4 to 12 months ZMW**	**Total ZMW**
Accrued expenses	452,599	-	452,599
Purchase of Land (Balance)	-	400,000	400,000
Other payables	67,110	-	67,110
Unidentified deposits	247,960	-	247,960
	767,669	400,000	1,167,669

Year ended 31 December 2017	**0 to 1 month ZMW**	**4 to 12 months ZMW**	**Total ZMW**
Accrued expenses	674,792	-	674,792
Purchase of Land (Balance)	-	400,000	400,000
	674,792	400,000	1,074,792

22. Other payables (continued)

In the opinion of the directors, the carrying amounts of other payables approximate to their fair value. The carrying amounts of the Cooperative's other payables are denominated in the following currencies:

	2018 ZMW	2017 ZMW
Zambian Kwacha	1,167,669	1,074,792

23. Related party transactions and balances

Amounts due from related parties

	2018 ZMW	2017 ZMW
Loans to Directors	1,743,408	1,043,347
Loans to Management	474,733	86,719
	2,218,141	1,130,066

Loans and advances were issued to related parties at terms and conditions which are similar to other members as follows:

- Interest rates as per the terms of the loan products obtained
- Specific dates of repayment as per the terms of the loans products obtained
- No security

The loans are not impaired.

Key management compensation

	2018 ZMW	2017 ZMW
Short term employee benefits	851,950	840,590

24. Risk management objectives and policies

Financial risk management

The Cooperative's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Cooperative's exposure to market risk is minimal due to the following:

- financial instruments denominated in foreign currency are immaterial.
- the interest rates applicable to the loans and advances are pre-determined in the Cooperative's by-laws and are not subject to change.
- no financial instruments are affected by price risk.

The Cooperative's overall risk management programme focuses on the predictability of financial markets and seeks to minimise potential adverse effects on the Cooperative's financial performance.

Risk management is carried out by the Cooperative's management under supervision of the Board of Directors and Board Committees. The Cooperative conducts business involving loans and advances. The Cooperative's Board of Directors, Board Committees and management identifies and measures financial risks in common with the Cooperative business.

During the year, the board of directors had 17 meetings(2017: 16), the loan committee had 15 meetings (2017: 17) and the supervisory committee had 13 meetings (2017: 14).

24. Financial risk management (continued)

(a) Credit risk

Credit risk arises from member loans and advances, cash and cash equivalents and deposits with banks and financial institutions. Credit risk mainly arises from member loans and advances as there is a risk that a member will cause a financial loss for the Cooperative by failing to fulfil a contractual obligation.

In assessing whether the credit risk on a financial asset has increased significantly, the Cooperative compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Cooperative considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

If the Cooperative does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Cooperative financial assets on the basis of shared credit risk characteristics, such as:
- type of instrument; and
- industry in which the debtor operates.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:
- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy.

24. Financial risk management (continued)

(a) Credit risk (continued)

The gross carrying amounts with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**			
		a)	**b)**	**c)**	**Total**
As at 31 December 2018	**ZMW**	**ZMW**	**ZMW**	**ZMW**	**ZMW**
Cash and bank balances	-	-	-	5,950,923	5,950,923
Loans and advances	-	-	-	59,644,816	59,644,816
Other financial assets	-	-	-	12,000,000	12,000,000
Other receivables	-	-	-	270,093	270,093
Gross carrying amount	-	-	-	77,865,832	77,865,832
Loss allowance	-	-	-	(5,656,039)	(5,656,039)
Exposure to credit risk	-	-	-	72,209,793	72,209,793

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
b) financial assets that are credit impaired at the balance sheet date;
c) loans and advances for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of loans and advances was as follows:

	Not past due ZMW	**30 to 90 days past ZMW**	**Over 90 days past ZMW**	**Total ZMW**
As at 31 December 2018	19,948,579	2,167,793	36,197,593	58,313,965
As at 31 December 2017	10,860,185	332,544	32,296,206	43,488,935

24. Financial risk management (continued)

(a) Credit risk (continued)

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**			
		a)	**b)**	**c)**	**Total**
As at 31 December 2018	**ZMW**	**ZMW**	**ZMW**	**ZMW**	**ZMW**
At start of year	-	-	-	3,769,455	3,769,455
Changes relating to assets	-	-	-	-	-
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	1,886,583	1,886,583
Changes because of financial assets that were written off during the year	-	-	-	-	-
At end of year	-	-	-	5,656,038	5,656,038

The loss allowances at the end of each year relate to the following:

Basis for measurement of loss allowance	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**			
		a)	**b)**	**c)**	**Total**
As at 31 December 2018					
Cash and bank balances	-	-	-	-	-
Loans and advances	-	-	-	-5,656,039	-5,656,039
Other financial assets	-	-	-	-	-
Other receivables	-	-	-	-	-
At end of year	-	-	-	(5,656,039)	(5,656,039)

The Cooperative does not hold any collateral against the past due or impaired receivables. Management continues to actively follow up past due receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Cooperative is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

Cash flows forecasting is performed by the finance department of the Cooperative by monitoring the Cooperative's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its member savings at all times so that the Cooperative can pay out member savings as and when the members require them.

24. Financial risk management (continued)

(b) Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Cooperative's management maintains flexibility in funding by maintaining availability of funds under committed credit lines.

Notes 20 and 22 disclose the maturity analysis of savings and other payables.

The table below disclose the undiscounted maturity profile of the Cooperative's financial liabilities:

	Interest rate %age	Between 1 - 3months ZMW	Between 3 months - 1 year ZMW	Between 1 - 5 years ZMW	More than 5 years ZMW	Total ZMW
Year ended 31 December 2018						
Interest bearing liabilities						
- Member savings		-	-	57,505,471	-	57,505,471
Non-interest bearing liabilities						
- Other payables		767,669	400,000	-	-	1,167,669
		767,669	400,000	57,505,471	-	58,673,140

	Interest rate %age	Between 1 - 3months ZMW	Between 3 months - 1 year ZMW	Between 1 - 5 years ZMW	More than 5 years ZMW	Total ZMW
Year ended 31 December 2017						
Interest bearing liabilities						
- Member savings		-	-	51,003,808	-	51,003,808
Non-interest bearing liabilities						
- Other payables		674,792	400,000	-	-	1,074,792
		674,792	400,000	51,003,808	-	52,078,600

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Cooperative's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising out of legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from the Cooperative's operations and is faced by all other business entities.

The Cooperative endeavours to manage the operational risk by creating a balance between avoidance of cost or financial losses and damage to the Cooperative's reputation within overall cost effectiveness and to avoid control procedures that restrict creativity and initiative.

(b) Operational risk (continued)

The above is achieved by managing the risk in the following areas:

- Segregation of duties including independent authorisation of transactions
- Monitoring and reconciliation of transactions
- Compliance to regulatory and legal requirements
- Documentation of controls and procedures
- Giving training to staff to improve their professional competency
- Ethical standards
- Obtaining insurance wherever feasible, as a risk mitigation measure.

25. Commitments

As at the reporting date, there were no capital commitments.

26. Capital management

Internally imposed capital requirements

The Cooperative's objectives when managing capital are:
- to safeguard the entity's ability to continue as a going concern,
- to maintain an asset base to support the development of business.

The Cooperative sets the amount of capital in proportion to risk. The Cooperative manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Cooperative may adjust the amount of dividends paid to shareholders or issue new shares. The Cooperative monitors capital based on the ratio of net members' savings to equity and reserves. This ratio is calculated as net members' saving divided by equity and reserves. Net members' saving is calculated as total members' savings (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. members' shares, share premium, revaluation reserves, other reserves and retained earnings).

The ratios at 31 December 2018 and 2017 were as follows:	**2018 ZMW**	**2017 ZMW Restated**
Total members savings (Note 20)	57,505,471	51,003,808
Total cash and cash equivalents (Note 16)	(16,450,923)	(15,432,102)
Net debt	41,054,548	35,571,706
Total equity	19,870,418	10,444,080
Ratio	2.1:1	3.4:1

Externally imposed capital requirements

The Cooperative Societies Act, 1998 requires the Cooperative to maintain a reserve to meet withdrawals of money in share and deposit accounts, consisting cash on hand, or in a bank or other organisations authorised by law to accept moneys on deposits, and such reserve shall not, at the end of any calendar month, be less than ten per centum of the liabilities of the credit union to its members in respect of shares and deposits at that time.

26. Capital management (continued)

Externally imposed capital requirements (continued)

The ratios at 31 December 2018 and 2017 were as follows:	2018 ZMW	2017 ZMW Restated
Total members savings (Note 20)	57,505,471	51,003,808
Total cash and cash equivalents (Note 16)	16,450,923	15,432,102
Ratio	3.5:1	3.3:1

27. Dividends

The directors propose a final dividend of ZMW 113.16 per share (2017: ZMW 88.99 per share) amounting to a total of ZMW 3,238,971 (2017: ZMW 2,082,375).

Dividends are paid out for shares held upto 3 months before the year (30 September 2019).

In accordance with the Cooperative Societies Act, these financial statements reflect this dividend payable which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2018.

Payment of dividend is subject to a withholding tax at the rate of 15%.

28. Contingent liabilities

The Cooperative had no known contingent liabilities as at 31 December 201 (2017: nil).

29. Events after the reporting date

There were no events after the reporting date that require disclosure or adjustment to these financial statements.

30. Presentation currency

The financial statements are presented in Zambian Kwacha (ZMW).

31. Prior year adjustments

	2018 ZMW	2017 ZMW
Member shares (correction of 2015 balance)	40,400	40,400
Member savings (correction of 2015 and 2016 balance)	1,214,832	1,214,832
Impairment of loans and advances (correction of 2017 balance)	-3,304,678	-
Member savings (correction of 2017 balance)	-977,220	-
Cash and bank balances (correction of Barclays Operation cashbook balance	398,087	-
	-2,628,579	1,255,232

SCHEDULE 1

ADMINISTRATIVE EXPENSES	2018 ZMW	2017 ZMW
Employment:		
Salaries and wages	1,775,666	1,643,709
Staff gratuity	331,500	275,164
NAPSA	94,431	68,859
Staff welfare	382,138	234,931
Staff training	65,228	24,742
Casual wages	64,878	45,606
Recruitment cost	6,100	7,600
Total employee cost	2,719,941	2,300,611
Other administration expenses:		
Advertising	10,939	-
Auditor's remuneration	93,500	44,660
Annual General Meeting expenses	224,817	136,696
Legal and professional fees	387,182	167,177
Miscellaneous expenses	-	39,855
Motor vehicle expenses	77,177	54,669
Office supplies	141,823	100,901
Penalties	25,214	2,400
Telephone and fax	37,370	42,218
Transport costs	72,047	50,069
Amortisation of intangible assets	61,729	70,810
Depreciation on property, plant and equipment	202,081	140,928
Insurance	19,881	4,079
Licences	9,961	-
Utilities	179,401	123,829
Rates	4,188	5,413
Repairs and maintenance	168,402	168,194
Total other administrative expenses	1,715,712	1,151,898
Total administrative expenses	4,435,653	3,452,509

SCHEDULE 2

BOARD AND COMMITTEE EXPENSES	2018 ZMW	2017 ZMW
BOARD AND BOARD COMMITTEES		
Board meetings	161,114	81,315
Loans meetings	55,693	27,000
Supervisory Committee	23,775	17,800
	240,582	126,115
OTHER MEETINGS		
Education Committee meetings	67,459	28,644
Executive Committee	38,455	26,000
Share Splitting meetings	1,000	2,600
Care Coop land	1,000	14,703
Investments Committee	16,700	8,175
Treasury meetings	28,950	25,800
Systems Review Committee	3,800	8,800
Execo and staff meetings	1,400	2,000
Realignment Committee	-	1,800
Adhoc Committee	6,800	-
Navision Committee	6,200	-
	171,764	118,522
TOTAL BOARD AND COMMITTEE COSTS	412,346	244,637

SCHEDULE 3

IMPAIRMENT/WRITE BACK OF RECEIVABLES AND PAYABLES	2018 ZMW	2017 ZMW
The impairment/write back was as a result of reconciliation of the following accounts:		
Loans and advances	1,301,727	-
Receivables from member organisations	100,936	-
Member shares	168,389	-
Member premium	-493,896	-
Revaluation reserve	2,512,563	-
Member savings	-250,865	-977,220
Capital fund	-500,000	-
General reserves	-709,340	-
Educational fund	-186,255	-
Cash and bank balances	-	398,087
Amount as per prior year financial statements	-	-390
	1,943,259	-579,523

SUPERVISORY COMMITTEE'S REPORT

Supervisory Committee 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 ensuring that CareCoop, through conducting its activities meets the expectation of the members with adequate efficacy"

Preface

The Supervisory Committee consists of three members of which two are elected at the Annual General Meeting and one is appointed by the Board. The members of this committee are not part of the CareCoop Board of Directors, thus being an independent body. The members further are not involved in the daily execution of transactions of the Cooperative. This committee acts as an audit committee of Care Cooperative Savings and Credit Society Limited.

Preamble

The findings reported in the summary table below include some matters that have been reported before (2017) and issues from the current period. We would like to commend Management and the Board for working towards the reduction of findings from 15 (reported at last AGM) to 8 which represents 47% of matters raised.

However, during the year ended 31st December 2018, we noted instances of fraudulent acts by our members who falsified loan application information. However, these amounts were recoverable. We also noted that some members are defaulting in paying back loans.

Current Office Bearers

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

I. Mr. Chimuka Muyuni : Committee Chairperson
ii. Mr. Kelly Siame : Committee Secretary
iii. Ms. Elizabeth Mbao : Committee Member

Matters issued and status

S/N	Activity	Observation	Risk Rating	Duration of Finding	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 Manager's office where payments files are also kept. The office is now air - conditioned.	Medium	22 months	Partially resolved.
2.	**Poor Record Management**	Documentation used for processing loans was not sequentially filed and could not be easily retrieved w henever necessary	High	22 months	Still outstanding

Matters issued and status

S/N	Activity	Observation	Risk Rating	Duration of Finding	Status
3.	Policies and Manuals	The Human Resources and Finance Manuals are still in draft form	High	49 months	Outstanding
4.	Reciprocal Agreements	No reciprocal agreements signed between the CareCoop and other institutions	High	22 months	Outstanding
5.	Management of fixed assets	1. Untagged Fixed assets with unique identification number 2. Fully depreciated assets not written off	High	15 months	Outstanding
6.	The Prohibition and Prevention of Money Laundering Act, 2001	Management has not complied with the requirement of the this Act to conduct an awareness training for staff on money laundering activities	High	9 months	Outstanding
7.	Management of savings and loan accounts	CareCoop currently updates the members' savings and loan balances manually causing delays to updated member accounts	High	22 months	An ICT firm has been engaged to develop a CSV upload platform in the databases
8.	Share Register	CareCoop does not maintain a Share Register or a Share account in the system instead an excel document is maintained	High	22 months	Outstanding
9.	System Loan management	The current application software is unable to get the loan debtors automatically	High	22 months	An ICT consulting firm has been engaged to address this matter

Matters issued and status

S/N	Activity	Observation	Risk Rating	Duration of Finding	Status
10.	Board Meetings	The Board and some of its Committees exceeded approved allocated expenditure by K139,609.35	High	Current	Outstanding
11.	Unsupported meetings	Incomplete minutes for committee meetings held as they were less than the number of meetings held during the year	High	Current	Outstanding
12.	Irregular allocation of shares	CareCoop mistakenly allocated a total of 69 shares to some members	High	6 months	Management is in the processing of resolving this matter
13.	Board Charter	There is no Board Charter in place	High	9 months	Outstanding
14.	Duplicated Payments	Dividend payments were duplicated to the tune of K75,018.67	High	6 months	K19,132.85 has since been recovered

Planned Activities for 2019
The Internal Audit department through the Supervisory Committee intends to perform reviews in the following areas:

- Risk management;
- Financial controls review;
- ICT systems;
- Procurement; and
- Loans and advances.

Internal audit department changes
The internal audit staff compliment has increased by one in the position of the Internal Auditor.

Conclusion
The Supervisory Committee wishes to thank all stakeholders for the support rendered to the Committee in the past year.

2018 OBITUARIES

The following CareCoop members passed away during the year 2018

Mr. Raymond Mwanza – PACT Zambia
Ms. Hilda Muangila – Plan International Zambia
Mr. Peter Tembo – Musika
Mr. Sitali Sitemge – Musika
Ms. Marjory Chileshe – CIDRZ

May their souls rest in eternal peace

NOTES

EFC

POPULATION MEDIA CENTER
Acting for Change

WorldFish

CSPR Zambia
CIVIL SOCIETY FOR POVERTY REDUCTION

fhi 360
THE SCIENCE OF IMPROVING LIVES

giz

PLAN INTERNATIONAL

WaterAid

WaterAid

fsdZambia
Expanding Financial Inclusion

SNV

PATH

MUSIKA

iDE ZAMBIA

CRS
CATHOLIC RELIEF SERVICES

EMBASSY OF IRELAND

Never push loyal employees to the point they no longer care.

BDO

ChildFund

Habitat for Humanity

JSI
John Snow, Inc.

KickStart

care

Zambart
Research and Development to Improve Health for All

World Vision

ECR
Expanded Church Response

Build it INTERNATIONAL
Building Brighter Futures

CIDRZ

Africare

BBC MEDIA ACTION