



KHASAKH Cooperative Society Limited
Reg. No. 9985/RCS
P.O. Box 5319, Kampala - Uganda

Report and Financial Statements
For the Year Ended 31st December 2022

Issued: February 2023

Independent Auditors



BVL & CO.
Certified Public Accountants of Uganda, Reg. No. AF 0039
Plot 1A, Naguru East Road—Naguru Hill; P.O. Box 26285 Kampala, Uganda
Tel: +256 393 370429, +256 414 231571, +256 712 862931;
Email: bvl@africaonline.co.ug

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Abbreviations Used

AGM	-	Annual General Meeting
CPA	-	Certified Public Accountant
GAAP	-	Generally Acceptable Accounting Practices
GPA	-	Group Personal Accident
IESBA	-	International Ethics Standards Board for Accountants
IFRS	-	International Financial Reporting Standards
KHASAKH	-	KHASAKH Cooperative Society Limited - Reg. No. 9985/RCS
NBV	-	Net Book Value
NSSF	-	National Social Security Fund
PAYE	-	Pay as You Earn
UCSCU	-	Uganda Cooperative Savings and Credit Union Ltd
UGX	-	Uganda Shilling (Currency of the Republic of Uganda)
WHT	-	Withholding Tax

1.0 Background Information

Basic Information on KHASAKH Cooperative Society Limited – Year Ended 31st December 2022	
Physical and Postal address (Head Office):	Plot 15B, Nakasero Rd; C/O World Vision P.O. Box 5319, Kampala Uganda
Affiliated to:	Uganda Cooperative Savings and Credit Union Ltd (UCSCU)
Vision, Goal, Mission and Objectives:	<p>Vision: A healthy and wealthy people centred financial institution</p> <p>Mission To offer reliable and effective services for healthy and wealthy people.</p> <p>Objectives</p> <p>Goal 1</p> <ol style="list-style-type: none"> 1. To grow net loan portfolio to UGX9.3 billion by 31st December 2025 2. Grow net interest income by 18% (CAGR) during 2021-2025 3. Reduce cost-income ratio from 57% to 48% by 31st December 2025 4. Reduce PAR to less 30 days to 5% by 31st December 2025. <p>Goal 2 Growing Khasakh Funding base:</p> <ol style="list-style-type: none"> 1. Grow paid up share capital from UGX1.24Billion to UGX 2.97 billion by 2025. 2. Grow members savings from 3.6 billion to 7.1 billion by 31st December 2022 3. Increase retained earnings from UGX 31 December 2025. 4. Strengthen Khasakh's Governance risk management compliances process. 5. Achieve faster and more sustainable growth 6. Protect the integrity of Khasakh's assets and ensure efficient operations. 7. Prevent losses and help maintain effective operations. <p>What KHASAKH Does</p> <ul style="list-style-type: none"> • Encourage members to develop a culture of saving through different savings products; • Provide affordable credit services to members – 16% reducing balance. • Provide free financial services like training members on how to manage their finances for sustainability. • We are responsive as we deliberate in a timely manner. • We are flexible as the executive committee reserves the right as they deem fit. • KHASAKH is led by a strategy with an over reaching goal to realise UGX 4 billion in share capital through advocating for increment in member shareholding and enrolment.
Reporting Period:	1 st January to 31 st December 2022
Products and Services offered:	<p>Savings products;</p> <ul style="list-style-type: none"> • General saver account, • Child saver account, • School fees / education saver account, • Target saver account, • Pension saver account.

Basic Information on KHASAKH Cooperative Society Limited – Year Ended 31st December 2022					
	Loan Products; <ul style="list-style-type: none"> • Short term loans, • Salary loans, • Land loans, • Business loans, • Asset loans 				
Shares, Savings and Loan Performance over the Previous Three Years to 31st Dec. 2022:		2020	2021	2022	Average Growth
		No	No	No	%
	Shareholding:				
	Number of shareholders - Males (No)	513	581	595	16
	Number of shareholders - Females (No)	372	421	424	14
	Number of shareholders - Males & Females (No)	885	1,002	1,019	15
	Total Savings:				
	Number of active savers - Males (No)	558	589	504	(10)
	Number of active savers - Females (No)	420	443	386	(8)
	Number of active savers - Males & Females (No)	978	1,032	890	(9)
	Total Loans:				
	Number of loanholders - Males (No)	205	210	232	13
	Number of loanholders - Females (No)	108	109	131	21
	Number of loanholders - Males & Females (No)	313	319	363	16
		2020	2021	2022	Average Growth
	UGX	UGX	UGX	%	
General Portfolio Performance					
Share capital - UGX'000	1,240,200	1,435,075	1,682,375	36	
Savings portfolio - UGX'000	3,567,344	3,525,736	3,545,288	(1)	
Performance		2020	2021	2022	Average Growth
		UGX	UGX	UGX	%
	Interest Income - UGX '000	636,756	705,384	808,589	27
	Non-Interest Income - UGX '000	23,399	50,545	73,674	215
	Total Expenditure - UGX '000	(486,991)	(580,676)	(583,664)	20
	Net Surplus/(Deficit)	173,164	175,253	298,599	72
Dividends Declared:	For the year ended 31 st December 2022, dividends declared amounted to UGX 157,657,500				

Basic Information on KHASAKH Cooperative Society Limited – Year Ended 31st December 2022	
Committee Members (Directors):	<p>The Directors who served during the period under review include the following:</p> <ol style="list-style-type: none"> 1. Mr. Tereraho John Wilson - Chairman 2. Mr. Kalibala Godfrey - Vice Chairperson 3. Ms. Atim Lucky - Treasurer 4. Mr. Kamwaka John Twesigye - Secretary 5. Ms. Nakamanya Judith - Member 6. Mr. Biryabaho Simpson - Member 7. Mr. Muhiire Robert - Member 8. Ms. Nuwomugizi Jascinta - Member 9. Mr. Byamugisha Obed - Member
Working Committees:	<p>Finance Sub-Committee</p> <ol style="list-style-type: none"> 1. Mrs. Atim Lucky - Treasurer 2. Mr. Kamwaka John Twesigye - Chairperson 3. Ms. Nuwomugizi Jascinta - Member <p>Governance Sub-Committee</p> <ol style="list-style-type: none"> 1. Mr. Muhiire Robert - Chairperson 2. Ms. Nakamanya Judith - Secretary 3. Mr. Byamugisha Obed - Member <p>Credit Sub-Committee</p> <ol style="list-style-type: none"> 1. Mr. Biryabaho Simpson - Chairperson 2. Ms. Nakamanya Judith - Secretary 3. Mr. Kamwaka John Twesigye - Member
Supervisory Committee Members:	<ol style="list-style-type: none"> 1. Mr. Radooli Martin Othieno - Chairman 2. Ms. Nuwamanya Evalyn - Secretary 3. Mr. Mugagga John Bosco - Member
Management Team Leaders (Current):	<ol style="list-style-type: none"> 1. Ms. Naiga Josephine Musisi - Manager 2. Ms. Baluka Evelyne Rebecca - Accountant 3. Mr. Mutabazi Julius - Accounts Assistant
Bankers:	<ul style="list-style-type: none"> • Centenary Bank; • Standard Chartered Bank • DFCU Bank
Legal Advisors	Mr Joseph Amanyanya of Moriah Advocates
External Auditors:	BVL & Co. Certified Public Accountants of Uganda; Plot 1A Naguru East Road Naguru Hill; P.O. Box 26285, Kampala, Uganda; E-mail: bvl@africaonline.co.ug

2.0 Statement of the Committee (Directors) Responsibilities

The Co-operative Societies Amendment Act (2020) require the Directors (Committee) of KHASAKH Cooperative Society Limited; to prepare financial statements for each reporting period which give a true and fair view of the state of the Society as at the end of the period and of the results for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Prepare estimates that are reasonable and prudent; and
- Prepare the financial statements that comply with the applicable financial reporting standards, Co-operative Societies Amendment Act (2020) and the Bye-laws of KHASAKH.

The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position, and to enable them ensure that the financial statements comply with the Co-operative Societies Amendment Act (2020), the Bye-laws of the Society, and other Generally Accepted Accounting Practices (GAAP) including the IFRS.

The Directors are responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of KHASAKH hereby confirm compliance with the applicable laws and regulations.

Nothing has come to the attention of the Directors to indicate that the KHASAKH will not remain a going concern for the next twelve months.

The Directors also confirm that policies are in place that will promote the objectives of KHASAKH as stipulated in the Bye-laws of KHASAKH Cooperative Society Limited.

These Directors' responsibility statements were certified on [3rd March 2023](#) and signed on its behalf by:



Atim Lucky
Treasurer



Tereraho John Wilson
Chairman



3.0 Report of the Independent Auditors to the Shareholders of KHASAKH Cooperative Society Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of KHASAKH Cooperative Society Limited for the year ended 31st December 2022. The financial statements comprise the; Statement of Financial Position, Statement of Changes in Equity, Statement of Comprehensive Income, Statement of Cash Flows, and a summary of significant accounting policies, other explanatory notes and annexes.

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the Society as at 31st December, 2022 and its Surplus and Cash Flows for the year then ended in accordance with the: Generally Acceptable Accounting Practices; Bye Laws of KHASAKH Cooperative Society Ltd; and the Co-operative Societies Amendment Act (2020).

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 KHASAKH, in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (ESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, 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 audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We do not have a key audit matter to report on.

Other Information

Management is responsible for the '**other information**'. In the current period reports, '**other information**' comprises of the "*Background Information*" and the "*Statement of the Committee's Responsibilities*". The other information doesn't include the Financial Statements and our report thereon.

Our opinion on the Financial Statements doesn't 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 appear 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 Management and Those Charged with Governance

Management is responsible for preparation and fair presentation of these financial statements in accordance with the reporting requirements of the KHASAKH including the International Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements of the Society, that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society'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 management either intends to liquidate KHASAKH or to cease operations, or has no realistic alternative but to do so.

The body charged with governance is the Board (Committee) and is responsible for overseeing KHASAKH's Financial Reporting.

Auditors' 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KHASAKH's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause KHASAKH to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Compliance Requirements

As required by the Co-operative Societies (Amendment) Act 2020, we also report to you based on our audit, that in material respects:

1. 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;
2. Proper books of account have been kept so far as appears from our examination of those books;
3. The business administration of the society has been conducted efficiently, and in accordance with cooperative principles; and
4. The financial reporting provisions of the Act and Regulations have been complied with.

The Engagement Partner on this audit resulting in this independent auditor's report is **CPA Owor Julius – P0240**.



Owor Julius - P0240



BVL & CO

BVL & Co.
Certified Public Accountants of Uganda –
Reg. No. AF 0039; P.O. Box 26285 Kampala, Uganda

Date: 4th March 2023

4.0 Statement of Financial Position¹ as at 31st December 2022

	Note/ Ref	2022 UGX '000	2021 UGX '000
ASSETS			
Non-Current Assets:			
Property and equipment	8.3	5,499	1,087
Investments	8.4	1,100,000	1,300,000
		1,105,499	1,301,087
Current Assets:			
Accounts receivable	8.5	68,841	103,795
Cash and cash equivalents	8.6	594,781	195,651
		663,622	299,446
Loan Assets:			
Loans outstanding	8.7	5,132,711	4,737,069
Loan loss provisions	8.8	(412,373)	(324,377)
		4,720,338	4,412,692
TOTAL ASSETS		6,489,459	6,013,225
EQUITY AND LIABILITIES			
Members' Equity:			
Retained earnings	5.1	551,909	546,037
Share capital	5.2	1,682,375	1,435,075
Statutory reserve funds	5.3	152,610	122,750
Share transfer funds	5.4	57,043	42,113
Co-op education funds	5.5	55,712	15,040
Share premium	5.6	23,030	23,030
Development Fund	5.7	90,567	60,707
		2,613,246	2,244,752
Current Liabilities:			
Accounts payable - members' deposit accounts	8.9	3,545,288	3,525,736
Trade payables	8.10	9,136	10,088
Other payables	8.11	321,789	232,649
		3,876,213	3,768,473
TOTAL EQUITY AND LIABILITIES		6,489,459	6,013,225

The Financial Statements were approved by the Committee (Directors) on 3rd March 2023 and signed on its behalf by:



Atim Lucky
Treasurer



Tereraho John Wilson
Chairman

¹ The Notes to the financial statements form an integral part of these financial statements

5.0 Statement of Changes in Equity ²for the Year Ended 31st December 2022

Note/ Ref	Owners or Shareholders' Equity							Total UGX '000
	5.1 Retained Earnings UGX '000	5.2 Share Capital UGX '000	5.3 Statutory Reserve UGX '000	5.4 Share Transfer UGX '000	5.5 Co-op Education UGX '000	5.6 Share Premium UGX '000	5.7 Development Fund UGX '000	
Year Ended 31st December 2021								
Opening Balance as at 1 st January 2021	548,885	1,240,200	105,225	33,350	11,848	23,030	43,182	2,005,720
Changes During the Year								
Additions/(Reductions)	(4,390)	194,875	-	-	(5,571)	-	-	184,914
Surplus (Deficit) for the Year	6.0 175,253	-	-	-	-	-	-	175,253
Dividends Payable	6.0 (121,135)	-	-	-	-	-	-	(121,135)
Equity Appropriations	6.0 (52,576)	-	17,525	8,763	8,763	-	17,525	-
Total Changes During the Year 2021	(2,848)	194,875	17,525	8,763	3,192	-	17,525	239,032
Balance as at 31st December 2021	546,037	1,435,075	122,750	42,113	15,040	23,030	60,707	2,244,752
Ordinary Share Capital:								
Issued and fully paid (57403 shares at UGX 25,000@) & per schedules		1,435,075						
Year Ended 31st December 2022								
Opening Balance as at 1 st January 2022	546,037	1,435,075	122,750	42,113	15,040	23,030	60,707	2,244,752
Changes During the Year								
Adjustments:								
-Accounting Systems Variance	(16,789)	-	-	-	-	-	-	(16,789)
Additions/(Reductions)	483	247,300	-	-	(3,441)	-	-	244,342
Surplus (Deficit) for the Year	6.0 298,599	-	-	-	-	-	-	298,599
Dividends Payable	6.0 (157,658)	-	-	-	-	-	-	(157,658)
Equity Appropriations	6.0 (118,763)	-	29,860	14,930	44,113	-	29,860	-
Total Changes During the Year 2022	5,872	247,300	29,860	14,930	40,672	-	29,860	368,494 #
Balance as at 31st December 2022	551,909	1,682,375	152,610	57,043	55,712	23,030	90,567	2,613,246
Ordinary Share Capital:								
Issued and fully paid (67,295 shares at UGX 25,000@) & per schedules		1,682,375						

² The Notes to the financial statements form an integral part of these financial statements

6.0 Statement of Comprehensive Income³ for the Year Ended 31st December 2022

	Note/ Ref	2022 UGX '000	2021 UGX '000
Income:			
Loan Interest	8.12	685,920	614,981
Financial Investment Interest	8.12	122,241	90,403
Other Interest	8.12	428	-
		808,589	705,384
Non-Interest Income	8.13	73,674	50,545
Total Income		882,263	755,929
Expenditure:			
Cost of Funds - Interest Expenses	8.14	177,953	157,971
Cost of Funds - Other Expenses	8.15	-	5,700
Personnel Costs	8.16	145,783	105,404
Administration Costs	8.17	146,450	257,060
Governance Costs	8.18	113,478	54,541
		583,664	580,676
Surplus/(Deficit) Before Tax		298,599	175,253
Current Tax		-	-
Surplus/(Deficit) After Tax		298,599	175,253
Dividends Payable - As Proposed	8.11	(157,658)	(121,135)
		140,941	54,118
Less: Equity Appropriations:			
Statutory Reserve (10% of surplus after tax)		(29,860)	(17,525)
Share Transfer (5% of surplus after tax)		(14,930)	(8,763)
National Education Fund (5% of gross turnover)		(44,113)	(8,763)
Development Fund (10% of surplus after tax)		(29,860)	(17,525)
		(118,763)	(52,576)
Surplus/(Deficit) After Tax, Provisions & Appropriations		22,178	1,542

³ The Notes to the financial statements form an integral part of these financial statements

7.0 Statement of Cash Flows⁴ for the Year Ended 31st December 2022

	Note/ Ref	2022 UGX '000	2021 UGX '000
Operating Activities:			
Surplus/(Loss)	6.0	298,599	175,253
Adjustments for Non-Cash Items:			
- Depreciation	8.3/8.17	391	553
- General Loan Loss Provisions	8.8/8.19	99,486	208,669
Operating (Loss)/Surplus Before Working Capital Changes		398,476	384,475
Working Capital Adjustments:			
Decrease/(Increase) in Loans Outstanding		(395,642)	(205,981)
Decrease/(Increase) in Accounts Receivable		34,954	15,043
Increase/(Decrease) in Savings Deposits		19,552	(41,608)
Increase/(Decrease) in Trade Payables		(952)	1,017
Increase/(Decrease) in Other Payables		(68,518)	(79,262)
Loan write-offs		(11,490)	-
Adjustments charged on Retained Earnings		(16,306)	(4,391)
Cash Generated from Operations		(39,926)	69,293
Tax		-	-
Investment Activities:			
Purchase of Fixed Assets	8.3	(4,803)	-
(Increase)/Decrease in Investments		200,000	(301,384)
Net Cashflow after Investment Activities and Tax		155,271	(232,091)
Financing Activities:			
Share Capital Increase	5.0	247,300	194,875
Payments for Coop Education	5.0	(3,441)	(5,570)
Net Increase in Cash and Cash Equivalents		399,130	(42,786)
Add Opening Cash and Cash Equivalents	8.6	195,651	238,437
Closing Cash and Cash Equivalents		594,781	195,651
Represented by:			
Closing Cash and Bank Balances	8.6	594,781	195,651

⁴ The Notes to the financial statements form an integral part of these financial statements

8.0 Notes to the Financial Statements for the Year Ended 31st December 2022

8.1 Significant Accounting Policies

Accounting Period

KHASAKH prepares its statutory financial statements for every year ending 31st December. The current financial statements are for the year ended 31st December 2022.

Accounting Convention

The financial statements are prepared under the historical cost concept and they have been prepared to comply with the International Financial Reporting Standards.

Revenue Recognition

Income both interest and non-interest is recognized on accrual basis.

Property and Equipment (acquired using own funds)

Expenditure on a single item of Property and Equipment that meet certain criteria is capitalised and charged against revenue over the useful life of the asset. Items of PPE that do not meet the criteria are expensed during the period in which they are acquired.

Non-current assets are re-valued from time to time and any gains or losses are carried directly to a Revaluation Reserve. However, where there is an inadequate balance on the revaluation reserve, the shortfall is written off against revenue in the period. Gains or losses realised on disposal of non-current assets are recognised in the Statement of Comprehensive Income of the period it is incurred.

Depreciation is calculated to write off the cost of non-current assets over the useful economic lives of the assets concerned using the straight-line basis. Depreciation is neither apportioned in the year of purchase nor in the year of disposal. Depreciation is not charged in the year of acquisition. The annual depreciation rates used for this purpose are:

Asset	Annual Rates
Computer Software	16.7%
Office Equipment	20.0%
Furniture and Fittings	12.5%
Computers and Accessories	33.3%

Cash and Cash Equivalents

Cash & cash equivalents include unrestricted cash (cash actually on hand, or bank balances whose immediate use is determined by management) and other demand deposits and short-term investments.

Pension Obligations

The employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme. KHASAKH's contributions to the defined contributions scheme are charged to the Statement of Comprehensive Income in the year in which they relate.

Loans

Loans are presented in the statement of financial position at the principal amount outstanding as by the close of the financial year less the loan loss provision.

Notes to the Financial Statements – Continued

Loan Loss Provision

Loans are carried at realizable values. An estimate is made for the doubtful loans based on the reviewed age of all the outstanding amounts at the year-end as below:

Age in arrears	Rate of provision
1 – 30 days	0%
31 – 60 days	2%
61 – 90 days	5%
91 – 180 days	10%
181-365 days	50%
Above 365 days	100%

Taxation

Current tax is not provided for in the financial statements and this position is in accordance with the current tax law which has temporarily exempted Cooperative Societies from paying the same.

8.2 Currency, Presentation

The reporting and presentation currency is Uganda Shilling rounded off to the nearest thousand shillings.

8.3 Property and Equipment

	Property and Equipment			Total UGX '000
	Furniture & Fittings UGX '000	Office Equipment UGX '000	Computers & Accessories UGX '000	
Cost:				
At 1 st Jan. 2022	3,125	2,720	18,299	24,144
Additions	-	-	4,803	4,803
(Disposals)	-	-	-	-
At 31st Dec. 2022	3,125	2,720	23,102	28,947
Depreciation:				
Annual Rate	12.5%	20%	33.33%	
At 1 st Jan. 2022	2,038	2,720	18,299	23,057
On Disposal	-	-	-	-
Charge for the year	391	-	-	391
At 31st Dec. 2022	2,429	2,720	18,299	23,448
Net Book Value:				
At 31st Dec. 2022	696	-	4,803	5,499
At 31st Dec. 2021	1,087	-	-	1,087

Notes to the Financial Statements – Continued

	Note/ Ref	2022 UGX '000	2021 UGX '000
8.4	Investments		
	Fixed deposits	950,000	600,000
	Money market funds	150,000	700,000
		1,100,000	1,300,000
8.5	Accounts Receivable		
	Accrued Income:		
	Financial investments	53,654	81,177
	Loans	-	7,303
	Loan interest	2,858	4,861
	Penalties	-	8,675
		56,512	102,016
	Other:		
	Salary advance	3,150	-
	Savings account (negative balances)	7,303	-
	License	1,876	1,779
		12,329	1,779
		68,841	103,795
8.6	Cash and Cash Equivalents		
	Cash at Bank:		
	SCB current account	471,671	118,322
	Centenary bank account	115,273	77,329
	DFCU bank account	2,177	-
		589,121	195,651
	Mobile Cash:		
	Gnugrid account	164	-
	Msacco float	500	-
	Msacco mobile	4,996	-
		5,660	-
	Cash on Hand:	-	-
		594,781	195,651

Notes to the Financial Statements – Continued

	Note/ Ref	2022 UGX '000	2021 UGX '000
8.7			
Loan Assets			
Shortterm loans schedule		96,132	76,681
Kagwilawo express loan schedule		3,105	1,500
Longterm loans schedule		2,372	2,372
Salary loans schedule		2,024,809	1,975,600
Land loans schedule		2,933,503	2,621,515
Business loans schedule		16,722	3,333
Asset loans schedule		56,068	56,068
		<u>5,132,711</u>	<u>4,737,069</u>
Loan loss provision	8.8	(412,373)	(324,377)
		<u>4,720,338</u>	<u>4,412,692</u>
8.8			
Loan Loss Provision			
Balance b/f	8.19	324,377	115,708
Less: loans written off	8.19	(11,490)	-
		<u>312,887</u>	<u>115,708</u>
Decrease in current year provision - to 5.0		-	-
Increase in current year provision - to 8.17	8.17	99,486	208,669
Balance c/f (required loan loss provision)	8.19	<u>412,373</u>	<u>324,377</u>
8.9			
Accounts Payable - Members' Accounts			
General savers account		3,141,696	3,334,538
Child savers account		16,111	12,568
Education short-term savers account		4,329	2,437
Education medium-term savers account		52,169	29,330
Target short-term account		51,936	32,326
Target medium-term account		160,025	58,467
Target long-term account		993	993
Pension savers account		100,877	39,871
Un-known deposits		17,152	15,206
		<u>3,545,288</u>	<u>3,525,736</u>
8.10			
Trade Payables			
Communication costs		460	120
Insurance		2,671	1,818
Caveat fees		6,005	8,150
		<u>9,136</u>	<u>10,088</u>

Notes to the Financial Statements – Continued

	Note/ Ref	2022	2021
		UGX '000	UGX '000
8.11 Other Payables			
Staff gratuity		13,253	8,905
Staff medical expenses		8,460	3,518
Audit fees		7,200	5,800
FMS audits		2,360	-
Board appreciation		4,950	-
Member appreciation		8,000	-
WHT on members' savings interest		2,473	103
WHT on dividends		15,674	8,613
WHT - on professional fees		180	105
PAYE		2,953	2,014
NSSF		2,369	1,153
AGM expenses - current year provision		18,000	10,110
		85,872	40,321
Dividends Payable:			
- Uncollected balance b/f		78,259	71,193
- Current Year Provision		157,658	121,135
		235,917	192,328
		321,789	232,649
8.12 Interest Income			
LOAN INTEREST:			
Interest received on short-term loans		38,805	43,925
Interest received on kagwilawo loans		7,652	1,628
Interest received on medium-term loans - salary		296,085	251,651
Interest received on long-term loans - land		334,868	315,533
Interest received on business loans		1,864	244
Interest received on asset loans		6,646	2,000
		685,920	614,981
FINANCIAL INVESTMENT INTEREST:			
Accrued Interest on ICEA		31,768	-
Accrued Interest on UAP		4,174	-
Accrued Interest on BRITAM		86,299	90,403
		122,241	90,403
OTHER INTEREST			
Interest on DFCU bank account		428	-
		808,589	705,384

Notes to the Financial Statements – Continued

	Note/ Ref	2022	2021
		UGX '000	UGX '000
8.13 Non-Interest Income			
Transactional charges		4,050	4,729
Loan processing fees		27,567	22,122
Members' subscription		8,970	11,060
Ledger fees		15,502	12,634
Msacco fees		34	-
Civil suits		150	-
Loan penalty		301	-
AGM penalties		17,100	-
		73,674	50,545
8.14 Cost of Funds - Interest Expenses			
General saver account		155,827	146,655
Child saver account		1,341	924
Education short-term saver account		167	65
Education medium-term saver account		3,046	2,571
Target short-term account		2,090	862
Target medium-term account		8,034	3,922
Pension saver account		7,448	2,972
		177,953	157,971
8.15 Cost of Funds - Other Expenses			
WHT expense		-	5,700
8.16 Personnel Costs			
Salaries		103,930	82,808
Wages		2,825	1,007
NSSF 10% employer's contribution		11,212	9,091
Medical expenses		10,016	1,915
Staff training		4,420	889
GPA		842	-
End of year package		1,950	1,300
Gratuity		10,588	8,394
		145,783	105,404

Notes to the Financial Statements – Continued

	Note/ Ref	2022	2021
		UGX '000	UGX '000
8.17 Administration Costs			
Depreciation		391	553
Licences		4,843	4,929
Books and periodicals		65	60
Repairs and maintenance		1,299	475
Transport and travel		2,175	1,633
Stationery		6,457	4,163
Communication		2,121	2,920
Computer programming and repairs		-	700
Consultancies		1,570	19,500
Bank charges		8,124	4,336
Marketing		9,510	5,878
Advertisement		780	2,520
Increase in general provisions for loan losses - From 8.8	8.19	99,486	208,669
Condolence		720	-
Real estate		6,541	-
Office expenses - other		2,368	724
		146,450	257,060
8.18 Governance Costs			
Audit expenses		7,525	5,800
Legal fees		27,780	20,500
Supervisory committee meetings		3,550	2,400
Supervisory committee meetings - logistics		320	-
Executive committee meetings		23,399	14,940
Executive committee meetings - logistics		1,618	-
AGM expenses		18,000	10,901
Special General Meeting		3,666	-
Committee Appreciation		9,900	-
Member Appreciation		13,000	-
FMS- Audit		4,720	-
		113,478	54,541

8.19 Loan Loss Provision Details

Loan Fate and Age in Arrears	Note/ Ref	Gross Loan Portfolio	Rate	Provision for 2022	Provision for 2021
				Amount	Amount
		UGX '000	%	UGX '000	UGX '000
Performing loans (1-30 days)		4,584,046	-	-	4,261,393
Watch loans (31-60 days)		8,424	2	168	3,526
Substandard loans (61-90 days)		8,250	5	413	6,493
Doubtful loans (91-180 days)		65,042	10	6,504	84,267
Doubtful loans (181-365 days)		123,322	50	61,661	131,665
Bad debts (366 days and above)		343,627	100	343,627	249,723
Total loans		5,132,711		-	4,737,067
				412,373	324,377
Systems Adjustments					
Required Provision for the Year				412,373	324,377
Actual balance b/f				324,377	115,708
Loan write-offs during the year				(11,490)	-
				312,887	115,708
Increase/(Decrease) in Provision	8.17			99,486	208,669
Balance c/f	8.0			412,373	324,377

8.20 Contingent Liabilities and Contingent Assets

There was no contingent liability or contingent asset as by 31st December 2022

8.21 Number of Employees

The average number of employees during the period was 3 (1 Manager, 1 Accountant, 1 Accounts Assistant).

8.22 Capital Commitments

There was no capital commitment as at 31st December 2022.

8.23 Post Balance Sheet Items

No significant event after the balance sheet date requires our disclosure or adjustment of the financial statements.

8.24 Comparatives

Every effort is made to match current period balances with the previous one; and to effect precise comparisons, some reclassifications of the previous year balances are made to conform to changes in presentation in the current year.