

LUKHOTSE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
(Registration number :SACCO/02/2014)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Directors

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M. (Co-opted)

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M. (Co-opted)

Mr. M. M. M. M. (Co-opted)

Mr. M. M. M. M.

Mr. M. M. M. M.

Mr. M. M. M. M.

Registered office

Lukhotse Savings and Credit Co-operative

Room 101, 1st Floor, Head Office

Corner of Ngweni & Maithe Street

Maseru

MSB

Postal address

P.O. Box 1011

Maseru

MSB

MSB

Auditors

Ngweni and Company

Chartered Accountants (Specialist)

Registered Auditors

Principal office

Room 101, 1st Floor

Office Number 1

Corner of Ngweni Street

Maseru

MSB

LUKHOTSE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
(REGISTRATION NUMBER :SACCO/02/2014)
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General Information

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Savings and Credit Co-operative Society
Directors	<p>Stephen Ntshalintshali</p> <p>Sabelo Mdziniso</p> <p>Bhekani Shongwe</p> <p>Penuel Malinga (Co-opted)</p> <p>Mathanda Simelane</p> <p>Nonhlanhla Maseko</p> <p>Thokozani Motsa</p> <p>Mduduzi Nkonyane</p> <p>Thembinkosi Dlamini (Co- opted)</p> <p>Ngwazi Dlamini (Co-opted)</p> <p>Zwelithini Gamedze</p> <p>Ncamsile Dlamini</p> <p>Banele Dlamini</p>
Registered office	<p>Lukhotse Savings and Credit Co-operative</p> <p>Room 307 SNPF Headquarters</p> <p>Corner of Ngwane & Martin Street</p> <p>Manzini</p> <p>M200</p>
Postal address	<p>P.O. Box 1881,</p> <p>Manzini</p> <p>Eswatini</p> <p>M200</p>
Auditors	<p>Ndallahwa and Company</p> <p>Chartered Accountants(Eswatini)</p> <p>Registered Auditors</p>
Physical Address	<p>Barcamrick Building</p> <p>Office Number 2</p> <p>Corner of Louw Street</p> <p>Manzini</p> <p>M200</p>

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Committees' Responsibilities and Approval

The Committee is required in terms of the Cooperative Society Act of 2003 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Society and place considerable importance on maintaining a strong control environment. To enable the Committee to meet these responsibilities, the Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Society and all employees are required to maintain the highest ethical standards in ensuring the Society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Society is on identifying, assessing, managing and monitoring all known forms of risk across the Society. While operating risk cannot be fully eliminated, the Society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Committee are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Committee have reviewed the Society's cash flow forecast for the year to 30 June 2022 and, in light of this review and the current financial position, they are satisfied that the Society has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on pages 5 to 6.


The annual financial statements set out on pages 7 to 23, which have been prepared on the going concern basis, were approved by the Committee on 26th August 2021 and were signed on their behalf by:

Approval of financial statements

pp

 Mr. Stephen Ntshalintshali - Chairperson


 Mr. Penuel Malinga - Secretary


 Mr. Bhekani Shongwe - Treasurer

Submitted to : Financial Services Regulatory Authority

**FINANCIAL SERVICES
 REGULATORY AUTHORITY
 (FSRA)**

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Committee's Report

The committee has pleasure in submitting their report on the annual financial statements of Lukhotse Savings and Credit Co-operative Society Limited for the year ended 30 June 2021.

1. Nature of business

Lukhotse Savings and Credit Co-operative Society Limited was incorporated in Eswatini with interests in the Non-profit industry. The co-operative operates in Eswatini.

The principal activities are the saving and lending of funds to the members to generate funds for the society.

There have been no material changes to the nature of the co-operative's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Co-operatives Act of 2003. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the co-operative are set out in these annual financial statements.

3. Directorate

The committee in office at the date of this report are as follows:

Committee	Office	Designation	
Stephen Ntshalintshali	Chairperson	Executive	Chairperson
Sabelo Mdziniso	Vice Chairperson	Executive	Vice - Chairperson
Bhekani Shongwe	Treasurer	Executive	Treasurer
Penuel Malinga	Secretary	Executive	Secretary
Mathanda Simelane		Supervisory	Chairperson
Nonhlanhla Maseko		Supervisory	Secretary
Thokozani Motsa		Supervisory	Member
Mduduzi Nkonyane		Credit	Chairperson
Thembinkosi Dlamini		Credit	Secretary
Ngwazi Dlamini		Credit	Member
Zwelithini Gamedze		Education	Chairperson
Ncamsile Dlamini		Education	Secretary
Banele Dlamini		Education	Member

4. Events after the reporting period

The committee is not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Secretary

The co-operative's secretary is Miss Carol Gamedze .



Ndallahwa & Company

Chartered Accounts (SWD)

Baracmrick Building Office No.2
Louw Street
P.O. Box 1061 Manzini Eswatini

Tel: +268 2505 7300
Fax: +268 2505 7300
Email: ndallahwa@swazi.net

INDEPENDENT AUDITOR'S REPORT

To the members of Lukhotse Savings and Credit Co-operative Society Limited

Opinion

We have audited the annual financial statements of Lukhotse Savings and Credit Co-operative Society Limited set out on pages 7 to 24 which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Lukhotse Savings and Credit Co-operative Society Limited as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Co-operative's Act of 2003.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The committee is responsible for the other information. The other information comprises the information included in the document titled "Lukhotse Savings and Credit Co-operative Society Limited annual financial statements for the year ended 30 June 2021", which includes the Committee's Report as required by the Co-operative's Act of 2003 and the Detailed Statement of Comprehensive Income, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

The committee are responsible for the other information. The other information comprises the information included in the document titled "Lukhotse Savings and Credit Co-operative Society Limited annual financial statements for the year ended 30 June 2021", which includes the Committee's Report as required by the Co-operative's Act of 2003 and the Detailed Statement of Comprehensive Income, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report

Responsibilities of the committee for the Annual Financial Statements

The committee is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Co-operatives Act of 2003, and for such internal control as the committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the co-operative'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 committee either intend to liquidate the co-operative or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LAWRENCE NSIBANDZE CA (SA)

Ndallahwa and Company
Lawrence Nsibandze
Chartered Accountants
Registered Auditors



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Statement of Financial Position as at 30 June 2021

	Note(s)	2021 E	2020 E
Assets			
Non-Current Assets			
Property, plant and equipment	2	289,376	356,377
Investments	3	2,030,469	2,139,400
Financial assets	4	80,482	64,000
Loans to members	5	10,820,203	10,144,408
		13,220,530	12,704,185
Current Assets			
Inventories	6	8,142	8,142
Loans to members	5	71,047	97,946
Trade and other receivables	7	321,051	297,969
Cash and cash equivalents	8	423,296	289,740
		823,536	693,797
Total Assets		14,044,066	13,397,982
Equity and Liabilities			
Equity			
Members shares	9	437,405	435,506
Reserves		1,242,511	1,132,604
		1,679,916	1,568,110
Liabilities			
Non-Current Liabilities			
Member's savings	10	11,647,752	11,151,555
Current Liabilities			
Trade and other payables	12	85,847	69,901
Provisions	11	630,551	608,416
		716,398	678,317
Total Liabilities		12,364,150	11,829,872
Total Equity and Liabilities		14,044,066	13,397,982

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Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 E	2020 E
Revenue	13	2,001,732	1,909,724
Interest payable	14	(813,853)	(661,649)
Gross surplus		1,187,879	1,248,075
Other operating income	15	107,977	94,665
Gain on disposal of fixed asset		-	3,667
Other operating expenses		(1,389,930)	(1,435,289)
Operating(deficit)	16	(94,074)	(88,882)
Investment income		180,739	155,361
(Deficit)/ surplus for the year		86,665	66,479

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Statement of Changes in Equity

	Member's shares E	Reserves E	Total equity E
Balance at 01 July 2019	426,207	1,066,125	1,492,332
Surplus for the year	-	66,479	66,479
Movement in members shares	9,299	-	9,299
Prior year end adjustments	-	-	-
Total contributions by members of sacco recognised directly in equity	9,299	-	9,299
Balance at 01 July 2020	435,506	1,132,604	1,568,110
Surplus for the year	-	86,665	86,665
Movement in members shares	1,899	-	1,899
Prior year audit adjustments	-	23,242	23,242
Total contributions by and distributions to owners of company recognised directly in equity	1,899	109,907	111,806
Balance at 30 June 2021	437,405	1,242,511	1,679,916

Audit Adjustments

The audit adjustment of **E23,242** arose as a result of differences between audited annual financial statements and general ledger

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Statement of Cash Flows

	Note(s)	2021 E	2020 E
Cash flows from operating activities			
Cash generated from/(used in) operations	17	2,341	(285,881)
Interest income		180,739	155,361
Net cash inflows from operating activities		183,080	(130,520)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(14,415)	(316,247)
Sale of property, plant and equipment	2	-	6,994
Decrease/(Increase) in investments	3	108,931	(190,322)
Decrease/(Increase) in financial assets		(16,482)	(12,000)
(Increase) in member loans		(648,896)	(57,185)
Net cash (outflows) from investing activities		(570,862)	(568,760)
Cash flows from financing activities			
Increase in share issue	9	1,899	9,299
Increase in member's savings		496,197	204,163
Prior year audit adjustments	18	23,242	-
Net cash inflows from financing activities		521,338	213,462
Total cash movement for the year		133,556	(485,818)
Cash at the beginning of the year		289,740	775,558
Total cash at end of the year		423,296	289,740

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Accounting Policies

Corporate information

Lukhotse Savings and Credit Co-operative Society Limited is a Savings and Credit Co-operative Society incorporated and domiciled in Eswatini.

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Co-operatives Act of 2003.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Emalangenis, which is the company's functional currency.

These accounting policies are consistent with the previous years.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Diminishing balance	10%
Motor vehicles	Straight line	20%
Office equipment	Diminishing balance	10%
Computer equipment	Diminishing balance	33.33%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Investments

A financial asset is recognised when:

- ☐ it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- ☐ the cost of the asset can be measured reliably.

Investments are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- ☐ it is technically feasible to complete the asset so that it will be available for use or sale.
- ☐ there is an intention to complete and use or sell it.
- ☐ there is an ability to use or sell it.
- ☐ it will generate probable future economic benefits.
- ☐ there are available technical, financial and other resources to complete the development and to use or sell the asset.
- ☐ the expenditure attributable to the asset during its development can be measured reliably.

Investments are carried at cost less any accumulated amortisation and any impairment losses.

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Accounting Policies

1.3 Investments (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these investments, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other investments amortisation is provided on a straight line basis over their useful life.

Item	Depreciation	Amount
SASCCO - Central Finance Facility	Not applicable	74,082
SASCCO shares	Not Applicable	10,000

1.4 Financial instruments

Financial instruments held by the co-operative are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- ☐ Mandatorily at fair value through profit or loss; or
- ☐ Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- ☐ Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- ☐ Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- ☐ Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- ☐ Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- ☐ Mandatorily at fair value through profit or loss.

Financial liabilities:

- ☐ Amortised cost; or
- ☐ Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- ☐ Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

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Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the co-operative's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the co-operative becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

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Accounting Policies

1.4 Financial instruments (continued)

Derecognition

Financial assets

The co-operative derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the co-operative neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the co-operative recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the co-operative retains substantially all the risks and rewards of ownership of a transferred financial asset, the co-operative continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The co-operative derecognises financial liabilities when, and only when, the co-operative obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.6 Impairment of assets

The co-operative assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the co-operative also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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Accounting Policies

1.6 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

1.9 Revenue recognition

Income is derived from member's subscription, joining fees and interest charged on loans advanced to members. Interest is accounted for on a cash basis. Interest is levied at the following rates:

Ordinary loans	1.8% per month
Emergency loans	1.8% per month
Special loans	2.5% per month
Educational loans	2% per month
Short term loans	10% per month

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Notes to the Annual Financial Statements

	2021 E	2020 E
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2. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	72,173	(20,595)	51,578	72,173	(14,864)	57,309
Motor vehicles	264,144	(105,658)	158,486	264,144	(52,829)	211,315
Office equipment	40,902	(9,983)	30,919	37,202	(6,856)	30,346
Computer equipment	197,063	(148,670)	48,393	186,348	(128,941)	57,407
Total	574,282	(284,906)	289,376	559,867	(203,490)	356,377

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	57,309	-	(5,731)	51,578
Motor vehicles	211,315	-	(52,829)	158,486
Office equipment	30,346	3,700	(3,127)	30,919
Computer equipment	57,407	10,715	(19,729)	48,393
	356,377	14,415	(81,416)	289,376

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	63,228	-	(3,327)	(2,592)	57,309
Motor vehicles	-	264,144	-	(52,829)	211,315
Office equipment	-	37,202	-	(6,856)	30,346
Computer equipment	64,376	14,901	-	(21,870)	57,407
	127,604	316,247	(3,327)	(84,147)	356,377

tes to the Annual Financial Statements

	2021	2020
Figures in Emalangeni		

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
African Alliance Company - Lillangeni	501,562	-	501,562	302,063	-	302,063
Shlam Company - Yield Fund	94,453	-	94,453	233,242	-	233,242
nlib - Money Market Fund	325,847	-	325,847	513,674	-	513,674
nlib - Managed Fund	230,960	-	230,960	230,960	-	230,960
shlam - Sim Inflation Fund	277,647	-	277,647	259,461	-	259,461
Component	600,000	-	600,000	600,000	-	600,000
Total	2,030,469	-	2,030,469	2,139,400	-	2,139,400

Reconciliation of investments - 2021

	Opening balance	Additions	Disposals	Total
African Alliance Company	302,063	199,499	-	501,562
nlam - Money Markets	233,242	-	(138,789)	94,453
nlilib - Money Market Fund	513,674	43,133	(230,960)	325,847
nlilib - Managed Fund	230,960	-	-	230,960
nlam- Sim Inflation Fund	259,461	18,186	-	277,647
nsponent	600,000	-	-	600,000
	2,139,400	260,818	(369,749)	2,030,469

es to the Annual Financial Statements

	2021	2020
Financial Assets		
Carrying amount 2021		
Carrying amount 2020		
CCO - Central Finance Facility	70,482	54,000
CCO Shares	10,000	10,000
	80,482	64,000
Loans to shareholders		
Primary loans	9,549,858	9,054,663
Emergency loans	160,864	156,869
Revolving loans	1,030,686	730,878
Special loans	265,394	293,098
Loans and conditions		
Short term loans	71,047	97,946
Provision for bad & doubtful debts	(186,599)	(91,100)
	10,891,250	10,242,354
Loans are secured over member's savings and members assets specified in their loan forms. Repayment period range between 1 and 72 months , depending on the type of loans		
Assets between non-current and current portions		
Current assets	10,820,203	10,144,408
Non-current assets	71,047	97,946
	10,891,250	10,242,354

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Notes to the Annual Financial Statements

	2021 E	2020 E
6. Inventories		
Inventory - T Shirts, track suits & promotional items	8,142	8,142
7. Trade and other receivables		
Financial instruments:		
Monthly stop order	116,905	110,002
Sundry debtors - AGM Penalties	100	-
Trade receivables at amortised cost	117,005	110,002
Sundry debtors - loan insurance & family cover	36,945	30,144
Swaziland Skill Centre - stop order	90,917	90,917
Sundry debtors - loan insurance & family cover	34,949	66,906
Non-financial instruments:		
Sundry debtors - loan insurance	41,235	-
Total trade and other receivables	321,051	297,969
Split between non-current and current portions		
Current assets	321,051	297,969
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	279,816	297,969
Non-financial instruments	41,235	-
	321,051	297,969
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,343	2,000
Bank balances	421,953	287,740
	423,296	289,740
Cash and cash equivalents comprise the following bank accounts :		
Credit rating		
Nedbank (Eswatini) Limited - Sivuno Account	317,660	195,958
Nedbank (Eswatini) Limited - Current Account	103,981	84,647
Mobile Money	312	7,135
Cash on hand	1,343	2,000
	423,296	289,740

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Notes to the Annual Financial Statements

	2021 E	2020 E
9. Members shares		
Authorised		
437 405 Members shares	437,405	435,506
Issued		
435,505 Ordinary shares of E1 each	437,405	435,506

The list of members is available for inspection at the Society's registered office.

10. Member's savings

Held at amortised cost

Member's savings	10,749,998	10,634,447
Demand savings	895,554	510,408
Educational savings	2,200	6,700
	11,647,752	11,151,555

Split between non-current and current portions

Non-current liabilities	11,647,752	11,151,555
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Member's savings have been pledged as security for the advanced members loans.

11. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Provision interest payables on savings	530,360	16,764	-	547,124
Provision for interest payable on shares	21,382	488	-	21,870
Dividend tax raised	36,767	24,790	-	61,557
Provision for honorarium	19,907	-	(19,907)	-
	608,416	42,042	(19,907)	630,551

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Provision for interest payable on shares	783,075	-	(252,715)	530,360
Provision for interest payable on savings	20,927	455	-	21,382
Dividend tax raised	-	36,767	-	36,767
Provision for honorarium	19,500	407	-	19,907
	823,502	37,629	(252,715)	608,416

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Notes to the Annual Financial Statements

	2021 E	2020 E
12. Trade and other payables		
Financial instruments:		
Interest provision - member share dividend	1,159	14,638
FSRA - Levies & other accruals	-	10,680
Interest provision - ordinary savings	6,765	7,956
Interest provision on demand savings	32,153	22,827
Accrued expenses	31,280	-
Accrued audit fees	14,490	13,800
	85,847	69,901

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	85,847	69,901
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13. Revenue

Revenue

Interest received from members	2,001,732	1,909,724
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14. Interest expenditure

Interest payable on savings, shares and demand savings	813,853	661,649
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15. Other operating income

Joining fees	3,900	7,950
Subscriptions	51,700	50,086
SASCCO - CFF Interest	4,482	-
SASCCO Profit sharing	13,479	-
AGM penalties	-	12,900
Interest received - Stanlib	28,045	20,769
Penalty - Emergency loan	631	33
Other income	1,906	-
Penalty - short term loans	2,872	1,492
Penalty - Special loans	962	1,334
Interest received - Staff furniture loan	-	101
	107,977	94,665

16. Operating surplus/(deficit)

Operating(deficit) for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fees	14,490	13,800
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Notes to the Annual Financial Statements

	2021 E	2020 E
17. Cash generated from/(used in) operations		
Surplus for the year	86,665	66,479
Adjustments for:		
Depreciation and amortisation	81,416	84,147
Gains on disposals, scrappings and settlements of assets and liabilities	-	(3,667)
Interest income	(180,739)	(155,361)
Movements in provisions	22,135	(195,586)
Changes in working capital:		
Inventories	-	(3,267)
Trade and other receivables	(23,082)	(75,683)
Trade and other payables	15,946	(2,943)
	2,341	(285,881)

18. Prior year audit adjustment

Audit adjustment arose as a result of differences between audited financials and general ledger	23,261	135,217
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19. Comparative figures

Certain comparative figures have been reclassified.

LUKHOTSE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Detailed Statement of Comprehensive Income

	Note(s)	2021 E	2020 E
Revenue			
Interest received from members		2,001,732	1,909,724
Interest expenditures			
Opening stock		(8,142)	(4,875)
Interest payable on savings & sahres		(813,853)	(664,916)
Closing stock		8,142	8,142
	14	(813,853)	(661,649)
Gross surplus		1,187,879	1,248,075
Other operating income			
Joining fees		3,900	7,950
Subscriptions		51,700	50,086
SASCCO - CFF Interest		4,482	-
SASCCO Profit sharing		13,479	-
Penalties - AGM		-	12,900
Penalty - ordinary loans		28,045	20,769
Penalty - Emergency loans		631	33
Other income		1,906	-
Penalty - eduactional loan		2,872	1,492
Penalty - Special loans		962	1,334
Interest received - Staff furniture loans		-	101
	15	107,977	94,665
Other operating gains (losses)			
Gains on disposal of assets		-	3,667
Expenses (Refer to page 25)		(1,389,930)	(1,435,289)
Operating loss	16	(94,074)	(88,882)
Investment income		180,739	155,361
(Deficit) /Surplus for the year		86,665	66,479

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Detailed Statement of Comprehensive Income

	Note(s)	2021 E	2020 E
Other operating expenses			
Annual general meetings		(69,175)	-
Auditors remuneration	16	(14,490)	(13,800)
Bad debts		(95,499)	-
Bank charges		(57,873)	(69,172)
Committee allowances		(161,229)	(188,511)
Covid 19 expenses		(28,741)	-
Computer expenses		(21,369)	(15,657)
Christmas party		(10,063)	(9,215)
Consultancy fees		-	(20,000)
Credit Union day expenses		-	(13,847)
Depreciation		(81,416)	(84,147)
Donations/Social responsibility		(8,023)	-
Employee costs		(519,568)	(494,933)
Education expenses		(19,764)	(5,720)
Office maintenance		-	(5,000)
Board training		-	(19,500)
Honoraria - Board		(19,500)	(19,500)
Electricity and water		(1,100)	(390)
Funeral cover subsidy		(42,311)	(25,554)
Licences and levies		(26,505)	(11,316)
Insurance		(20,340)	(39,786)
Legal fees		(27,595)	(24,426)
Motor vehicle expenses		(1,753)	-
Printing and stationery		(3,846)	(14,053)
Protective clothing & staff training		-	(48,686)
Rent		(2,043)	(1,589)
Regional workshops		-	(149,389)
Special & general meetings		-	(61,975)
Sacco indaba		-	(5,000)
Strategic plan		-	(15,000)
Subscriptions		(36,925)	(34,268)
Sundry Expenses		(4,655)	(6,489)
Telephone and fax		(45,575)	(35,783)
Training		(69,061)	-
Travel - local		(1,511)	(2,583)
		(1,389,930)	(1,435,289)

Supplementary Information

LUKHOTSE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Reserves

	Opening balance	Additions	Prior year audit adjustment	Amount
General reserves	609,012	45,932	23,242	- 678,186
Statutory reserves	415,761	21,666	-	- 437,427
Share Transfer Fund	49,269	8,667	-	- 57,936
Education Fund	57,233	8,667	-	- 65,900
Central Co-operative Fund	1,329	1,733	-	- 3,062
	1,132,604	86,665	23,242	- 1,242,511

2. Interest Expenditure

				Amount
Interest payable - ordinary savings	764,284	-	-	- 764,284
Interest payable - shares	22,283	-	-	- 22,283
Interest payable - demand savings	27,286	-	-	- 27,286
	813,853	-	-	- 813,853

3. Interest Income

	Amount			Amount
Interest received - ordinary loans	1,649,367	-	-	- 1,649,367
Interest received - emergency loans	24,205	-	-	- 24,205
Interest received - educational loans	181,303	-	-	- 181,303
Interest received - special loans	69,382	-	-	- 69,382
Interest received - short term loans	77,475	-	-	- 77,475
	2,001,732	-	-	- 2,001,732