



## **TREASURER'S REPORT**

### **Lukhotse Savings & Credit Co-operative Society**

**For the year ended 30<sup>th</sup> June 2021**

#### **Performance**

For the Financial year ended 30<sup>th</sup> June 2021, the Sacco realized a net surplus of E86 665 which is 30.4% increase in net surplus from previous year 2020, E66 479. This year the Sacco was able to achieve an institutional capital of 8.8% which is above by 0.8% from the 8% standard ratio by the regulator.

Total assets for the SACCO increased by 4.8% from E13 397 982 in 2020 to E 14 044 066 for the year 2021.

Cash and Cash equivalents at year end were E423 296 compared to E 289 740 in the previous year, which is 46.9% increase.

## **Investments**

Investments have decreased by E 108 931 which is a 5.1% decline from last year. The Covid pandemic has contributed a lot to this as there was a huge decline in investment income from our markets.

## **Income and Expenditure**

**Total income** for the Sacco showed an increase of 6.1% from E2 2 159 750 in 2020 to E2 290 448 in 2021

**Expenditure** for the year 2021 has decreased by 3.2%, from E1 435 289 in 2020 to E1 389 930 in 2021. Special thanks to the Office Staff and the Management committee for the good work they have done in maintaining costs as slow as possible and within budget.

## **Financial Ratios**

**Loans to Equity ratio.** According to the normal standard this ratio should be between 70 – 80 percent. The Sacco has achieved a 77% loans to equity ratio for the year 2021, compared to 75.7% in the previous year.

**Savings to Total Assets ratio.** This ratio should also be between 70 – 80 percent and the Sacco has achieved 82.9% savings to total assets ratio, compared to 83% in the previous year.

**Expenses to total assets** ratio should be at most 15%, and the Sacco has achieved 9.9% in year 2021, compared to 10.7% last year. This means the SACCO has managed to keep its expenses consistent with its Total Assets and within acceptable margins.

**Share Capital to total assets:** This ratio measures the percentage of total shares to total assets and the acceptable ratio should be at least 20%. The Sacco has achieved 3% of the above ratio which is far below the acceptable standard, hence management had decide to increase the shares.

## **Conclusion**

Despite the short falls that can be in some areas, the Sacco has continued to show positive signs of growth measured by the increase in;

- Total assets (4.8%),
- Members' loans (6.7%),
- Members' savings (4.4%), and
- Reserves (9.7%).

Lukhotse has also managed to continuously pay an interest on savings at a rate that is above inflation, and that comes highly recommendable.

I would like to take this opportunity to thank the office staff and the Management Committee for the commitment shown in conducting the business of Lukhotse. Appreciation is also extended to the entire membership for the co-operation they have afforded us.

In view of the SACCO's performance, the board has declared a 7% interest on members' savings.

Thank you!