



Kyamuhunga Peoples Cooperative Savings and Credit Society Limited
Reg. No. 7053
Annual Report and Audited Financial Statements
For the year ended 31 December 2021



Table of Contents	Page
Acronyms/Abbreviations	3
1.0 SACCO Information	4
2.0 Report of the SACCO's Board of Directors.....	5
3.0 Statement of SACCO's Board Responsibilities.....	10
4.0 INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION.....	Error! Bookmark not defined.
5.0 Statement of Financial Position	15
6.0 Statement of Profit or Loss and Other Comprehensive Income.....	16
7.0 Statement of changes in Equity.....	17
8.0 Statement of Cash flows	19
9.0 Notes to the Financial Statements for the year ended 31 December 2021	20



Acronyms/Abbreviations

CGAP	Cumulative Group to assist the Poor
CPA	Certified Public Accountant
Coop	Cooperative
Dev` t	Development
DFCU	Development Finance Company Uganda Bank
IAS	International Accounting Standards
IESBA	International Ethics Standard Board
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
ISA	International Auditing Standards
KYAPS	Kyamuhunga Peoples Co-operative Saving and Credit society Limited
NBV	Net book Value
No	Number
NSSF	National Social Security Fund
PAYE	Pay As You Earn
Reg	Registration
SACCO	Savings Credit and Cooperative Organisation
SUPCO	Supervisory Committee
UShs	Uganda Shillings
WHT	Withholding Tax



1.0 SACCO Information

1.1 Registered Office

Butare –Kyamuhunga
P. O. Box 371
Bushenyi District

1.2 Operational Centres /Branches

Ishaka Branch
Rutookye Branch
Katerera Branch
MAIN Branch

1.3 Bankers

Centenary Bank Limited,
Plot 9 Cell C-Ward IV, Rukungiri Road,
Ishaka Town
P.O.Box 1892,
Kampala, Uganda.
Tel : +256 414 663230/697886

Stanbic Bank Limited,
Plot 44, Rukungiri Road,
P.O.Box 312,
Bushenyi-Uganda.

DFCU Bank Limited
Ishaka Branch,
Ishaka-Bushenyi.

Equity Bank,
Ishaka Branch,
Ishaka Bushenyi.

1.4 Solicitors

Newmark Advocates,
Newmark House,
Next to Uganda Law Society LAP Office,
Plot 29, Rwebikoona- Mbarara,
P.O Box 35480, Kampala-Uganda
tumwebazeemma17@gmail.com

Tumwesigye & Co. Advocates,
1st Floor, Former Stanbic Bank Building,
High Street, Bushenyi Township,
P.O Box 323, Bushenyi-Uganda
ayebastella@yahoo.com

1.5 Auditors

Kisaka and Company
Certified Public Accountants
Plot 77, Buganda Road
P.O.Box 27917, Kampala
Tel: 0414255453
Fax: 0414-257592
kisaka@africaonline.co.ug
kisaka@utlonline.co.ug
www.kisaka.ug



2.0 Report of the SACCO's Board of Directors

The Board of Directors presents its report together with interim financial statements for the year ended 31 December 2020.

2.1 Background

Kyamuhunga Peoples Co-operative Savings and Credit Society (KYAPS) is a Savings and Credit Cooperative Society (SACCO) duly registered with the Registrar of Co-operatives and issued with a certificate number 7053. Bushenyi Private Sector Promotion Centre under the UNDP/GOU Private Sector Development Program supported the members of KYAPS to incorporate and operate a company limited by guarantee in December 1998. However, in 2003 a review of KYAPS' legal status resulted in the change to a Savings and Credit Cooperative Society (SACCO). Transformation into a SACCO enabled KYAPS to legally intermediate savings in addition to enhancing the members' effective participation in its governance based on co-operatives norms and principles.

2.2 Vision

"To be a leading financial institution providing demand driven products and services to members".

2.3 Mission

"To provide high quality financial products and services to economically active communities for sustainable development".

2.4 Core Values

- Integrity
- Teamwork
- Respect
- Continuous learning,
- Professionalism and
- Transparency

2.5 Strategic Objectives

KYAPS has set four broad strategic objectives aimed at achieving higher portfolio growth, improving portfolio quality, strengthening governance, accountability and transparency. These are

1. To achieve sustainable growth through sourcing of low cost funds and efficient resource utilization
2. To grow the product portfolio by providing innovative demand driven financial and non-financial services
3. To ensure accountability and transparency by strengthening internal control systems and effective communication with stakeholders.
4. To attract and retain competent human resource by creating a conducive working environment and developing staff capacity

2.6 Principal Activities

The principal activity of the society is to lend savings and credit services to its members.



2.6.1 Products and Services

KYAPS is focused on being a leading financial institution through the offering of focused quality financial services and a wide range of quality financial products and services to its members to meet their ever-changing needs. The products and services offered include mainly savings and credit products

2.6.2 Loan Products

- Business loan
- Home improvement loan
- Boda-Boda Loan
- School Fees Loan
- Emergency Loan
- Staff Loan
- Amaizi Super
- Kyapa Loan
- Agricultural loan

2.6.3 Savings Products

- KYAPS Save Account
- KYAPS BIZ Account
- Abato Savers Account
- FOCOSAVE Account
- KYAPS Fixed deposit Account

2.7 Results

2.7.1 Financial Results

The results for the period are set out on page 14 and an appropriation thereof in the Statement of Changes in Equity on page 15.

	2021 UShs	2020 UShs
Profit before tax	1,666,680,413	350,390,097
Profit for the year	1,666,680,413	350,390,097

2.7.2 Operational Results

a) Membership

The SACCO Membership grew by 4,920 (18%) from 28,062 members during the year to 31st December 2020 to 32,982 members during the year ended 31st December 2021 as shown in the table below:

	Year to 31 st Dec 2020	Year to 31 st Dec 2021	Growth	% age
Male	19,914	23,781	3,867	19.4%
Female	6,318	7,278	960	15.2%
Groups/ Institutions	1,830	1,923	93	5.1%
Membership	28,062	32,982	4,920	17.5%



b) Share Capital

The share capital of the SACCO grew by UShs 188,623,858 (3.1%) as shown below.

	Year to 31 st Dec 2020	Year to 31 st Dec 2021	Growth	% age
Male	4,412,764,128	4,542,308,715	129,544,587	2.9%
Female	1,234,182,608	1,283,921,816	49,739,208	4.0%
Groups/ Institutions	422,956,040	432,296,103	9,340,063	2.2%
Total Share Capital	6,069,902,776	6,258,526,634	188,623,858	3.1%

c) Savings

There was decrease in the savings mainly attributed to the reduction of the fixed deposit interest rates and the effect of COVID 19

	Year to 31 st Dec 2020	Year to 31 st Dec 2021	Growth (Decrease)	% age
Male	6,588,899,925	5,501,808,913	(1,087,091,012)	(16.5)%
Female	2,437,279,460	1,688,602,576	(748,676,884)	(30.5)%
Groups/ Institutions	1,293,981,080	1,554,404,048	260,422,968	20.1%
Total Savings	10,320,160,465	8,744,815,537	(1,575,344,928)	(15)%

d) Outstanding loans

The outstanding loan balance increased by 4.5%

	Year to 31 st Dec 2020	Year to 31 st Dec 2021	Growth	% age
Male	13,293,749,639	13,366,746,749	72,997,110	0.5%
Female	3,113,611,539	3,511,134,077	397,522,538	12.8%
Groups / Institutions	1,844,328,771	2,201,147,495	356,818,724	19.8%
Total Outstanding Loans	18,251,689,949	18,985,345,751	827,338,372	4.50%

e) Outstanding borrowers

The number of borrowers with an outstanding loan balance for the year ended reduced by 421 (6.92%)

	Year to 31 st Dec 2020	10 Months to 31 st Oct 2021	Growth (Decrease)	% age
Male	4,688	4,398	(326)	6.19%
Female	1,280	1,158	(116)	(9.5)%
Groups / Institutions	116	107	(4)	(7.76)%
Total Outstanding Borrowers	6,084	5,663	(421)	(6.92)%

f) Disbursements

5536 Loans totalling to UShs 22,828,681,000 were disbursed to 5536 members during the year ended 31st December 2021 compared to 4,969 Loans totalling to UShs 15,994,822,600 were disbursed to 2,808 members during the year ended 31st December 2020



2.7.3 SACCO Structure

2.7.3.1 Board Members

The Board members who held office for the period:01st December 2021 to 31st December 2021, of this report were:

Name	Responsibility	Term of office	No of meetings attended ¹
Mr.Turyamureeba Paul Kahigi	Chairperson	2020-2024	05 out of 05
Mrs.Mpairwe Judith Mugisha	Vice Chairperson	2020-2024	05 out of 05
Fr.Ayebare Mukasa Barekye	Treasurer	2020-2024	04 out of 05
Mr.Tumwebaze Edward	Secretary	2020-2024	05 out of 05
Mr.Serapio Owokunda	Member	2020-2024	05 out of 05
Mr.Mutebi Moses	Member	2020-2024	04 out of 05
Mrs.Musiimenta Angella	Member	2020-2024	05 out of 05

2.7.3.1.1 Education & Mobilisation Committee of the Board

Name	Responsibility	Term of office	No of meetings attended ²
Mr.Tumwebaze Edward	Chairperson	2020-2024	03 out of 03
Mrs.Musiimenta Angella	Member	2020-2024	03 out of 03

2.7.3.1.2 Finance & Administration Committee of the Board

Name	Responsibility	Term of office	No of meetings attended ³
Fr.Ayebare Mukasa Barekye	Chairperson	2020-2024	03 out of 03
Mr.SerapioOwokunda	Member	2020-2024	03 out of 03

2.7.3.1.3 Loans Committee of the Board

Name	Responsibility	Term of office	No of meetings attended ⁴
Mrs.Mpairwe Judith Mugisha	Chairperson	2020-2024	03 out of 03
Mr.Mutebi Moses	Member	2020-2024	03 out of 03

2.7.3.2 Supervisory Committee (SUPCO)

The SUPCO Committee members who held office for the period from 01st January 2021 to 31st December 2021 of this report were:

Name	Responsibility	Term of office	No of meetings attended ⁵
Mr.MuramuziMidragyiKamadhi	Chairperson	2020-2024	03 out of 03

¹ Board meetings were held on 22nd January 2021, 09th February 2021, 26th April 2021, 28th August 2021 and 23rd December 2021

² Education & Mobilisation committee meetings were held on 09th January 2021, 20th April 2021, 09th August 2021

³ Finance & Administration committee meetings were held on 16th January 2021, 12th April 2021, 29th July 2021

⁴ Loan Committee meetings were held 11th January 2021, 13th April 2021, 23rd July 2021



Kyamuhunga Peoples SACCO
Annual Report and Annual Financial Statements
For the year ended 31 December 2021

Mr Natumanya Geoffrey	Member	2020-2024	03 out of 03
Mr Turyamuhaki Enock	Member	2020-2024	03 out of 03

2.7.3.3 Vetting Committee

The Vetting Committee members who held office for the period from 01st January 2021 to 31st October 2021 of this report were:

Name	Responsibility
Fr. Vicent Birungi	Chairperson
Mr Muhereza Hilary	Member
Mr Nampa Alex	Member

2.7.3.4 Senior Management Team

Name	Responsibility
Mr. Atwijukire John Bosco	General Manager
Mrs. Manyire Edith	Internal Auditor
Mr. Mwebaze Oswardo	Finance and Administration Manager
Mr. Bahame Joseph	Credit and operation Manager

By Order of the Board

Secretary

2022



3.0 Statement of SACCO’s Board Responsibilities

The Uganda Cooperative Societies Act, Cap 112 requires the board members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the SACCO as at the end of the financial year and of its surplus or deficit for that year. It also requires the board members to ensure that the SACCO keeps proper accounting records that are sufficient to show and explain the transactions of the SACCO; that disclose, with reasonable accuracy, the financial position of the SACCO and that enable them to prepare financial statements of the SACCO that comply with the International Financial Reporting Standards and the requirements of the Uganda Cooperative Societies Act, Cap 112. The board members are also responsible for safeguarding the assets of the SACCO and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board members accept responsibility for the preparation and fair presentation of these Financial Statements in accordance with the International Financial Reporting Standards and the manner required by the Uganda Cooperative Societies Act, Cap 112. 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 board members are of the opinion that the financial statements give a true and fair view of the financial position of the SACCO as at 31 December 2021 and of the SACCO’s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Uganda Cooperative Societies Act, Cap 112.

In preparing these financial statements, the board members have assessed the SACCO's ability to continue as a going concern and nothing has come to their attention to indicate that the SACCO will not remain a going concern for at least the next twelve months from the date of this statement.

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

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

Approved by the board on _____ 2022 signed on its behalf by:

.....
Chairperson

.....
Secretary

.....
Treasurer

.....
General Manager



4.0 The Independent Auditor's Report to the Members of Kyamuhunga People's Cooperative and Credit Society Ltd

4.1 Report on the Audited Financial Statements

4.1.1 Introduction

We have audited the financial statements of Kyamuhunga Peoples SACCO (the SACCO), which comprise the statement of financial position as at 31st December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

4.1.2 Opinion

In our Opinion, the accompanying financial statements give a true and fair view of the financial position of Kyamuhunga People's Cooperative Savings and Credit Society Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the Cooperative Society Act Cap.112.

4.1.3 Basis for Opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Guidelines issued by the Institute of Certified Public Accountants of Uganda. 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 Entity in accordance with the International Ethics Standards Board 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 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 opinion.

4.1.4 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 have determined that there are no key audit matters to communicate in our report.

4.1.5 Other Information

The Board is responsible for the other information set out on pages **4 to 11**. The other information comprises the SACCO information, report of Board members and Statement of Board members' responsibilities for the financial statements but does not include the financial statements and our auditor's report 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

4.1.6 Going Concern

The financial statements of the SACCO have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the SACCO or to cease operations or has no realistic alternative but to do so. As part of our audit of the SACCO financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the SACCO's financial statements is appropriate

4.1.7 Responsibilities of the board and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with the International Financial Reporting Standards, and for such internal control as board determines 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, management is responsible for assessing the SACCO'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 the SACCO or cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the SACCO's financial reporting process

4.1.8 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 International Standards on Auditing will always detect 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 the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SACCO'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 SACCO's ability to continue as a going concern. If we conclude that the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance among other matters, the planned scope and timing of the audit and significant 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 indicated as 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.

4.2 Report on Other Legal and Regulatory Requirements

As required by the Uganda Cooperative Societies Act Cap 112, Tier 4 Microfinance Institutions & Money Lenders Act 2016, and the Tier 4 Microfinance and Money lenders (SACCO) Regulations, 2020; we report to you based on the audit, that;

- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- b) In our opinion proper books of account have been kept by the SACCO, so far as appears from our examination of these books; and
- c) The SACCO's statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.



- d) In our opinion the management of the SACCO has been conducted efficiently, in accordance with cooperative principles and accounting provisions of above laws and regulations, except with section 40—Classification of Savings—, section 42—allowances, section 51—Quarterly return on investment, section 52—submission of monthly returns—, section 53—submission of Quarterly return, and section 46—Subscription (SACCO Saving Protection Fund) of the Tier 4 Microfinance and Money lenders (SACCO) Regulations, 2020.

The engagement partner on the audit resulting in this independent auditor's report was
CPA. J.K. Mulumba (PhD) – P0045

.....
Certified Public Accountants-AF0028

.....
CPA. J.K. Mulumba (Ph.D.)
Engagement Partner



5.0 Statement of Financial Position

	Notes	31-Dec-21 UShs	31-Dec-20 UShs
Current Assets			
Loan to Members	9.6	17,611,386,138	16,642,402,441
Cash and Bank Balances	9.7	1,994,035,410	1,961,367,378
Receivables and Prepayments	9.8	393,650,939	224,571,240
Stock	9.9	35,001,700	165,387,850
		20,034,074,187	18,993,728,909
Investments	9.10	75,313,903	1,075,313,903
Non-Current Assets			
Property and Equipment	9.11	1,134,808,649	1,014,722,251
Intangible Asset	9.12	468,714,311	507,773,836
		1,603,522,960	1,522,496,087
Total Assets		21,712,911,050	21,591,538,899
Current Liabilities			
Members Deposits	9.13	8,744,815,538	10,320,160,465
Borrowings	9.14	1,155,798,363	671,617,738
Payables and Accruals	9.15	265,791,327	217,937,557
Loan Interest Payable	9.14	-	57,813,318
Dividends Payables	9.16	-	6,197,739
		10,166,405,228	11,273,726,817
Non-Current Liabilities			
Borrowings	9.14	480,402,026	1,112,952,554
Equity			
Members' Shares	9.17	6,258,526,634	6,069,902,777
Retained Earnings	9.18	3,047,734,523	1,747,434,123
Statutory Reserves	9.19	701,877,584	535,209,543
Share Transfer Fund	9.20	433,957,586	371,372,320
Cooperative Dev't revolving Fund	9.21	349,762,866	266,428,845
Education Fund	9.22	271,744,602	212,011,919
Revolving Fund	9.23	2,500,000	2,500,000
Equity Attributable to Members		11,066,103,796	9,204,859,527
Total Liabilities & Equity		21,712,911,050	21,591,538,898

The notes on pages 20 to 43 form an integral part of these Financial Statements

The financial statements on 16 to 43 were approved by the members on2021

.....
Chairperson

.....
Secretary

.....
Treasurer

.....
General Manager



6.0 Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-21 UShs	31-Dec-20 UShs
Income			
Interest Income	9.24	4,204,617,028	3,047,329,765
Less: Interest Expense	9.25	(709,881,001)	(741,476,055)
Less: Loan loss provision	9.6	(129,632,791)	(424,975,836)
Net Interest Income after loan loss		3,365,103,236	1,880,877,874
Fees and Commission	9.26	1,354,545,957	968,592,816
Other income	9.27	414,105,355	380,713,878
Total Income		5,133,754,548	3,230,184,568
Expenditure			
Personnel Expenses	9.28	1,247,355,505	1,133,382,748
Administration Expenses	9.29	1,325,642,365	980,987,223
Governance Expenses	9.30	452,137,895	342,090,546
Finance Expenses	9.31	248,538,276	261,422,540
Marketing Expenses	9.32	193,400,095	161,911,414
Total expenses		3,467,074,136	2,879,794,471
Profit for the year		1,666,680,413	350,390,097

The notes on pages 20 to 43 form an integral part of these Financial Statements



7.0 Statement of changes in Equity

a) As at 31 December 2021

Particulars	Members Shares	Retained Earnings	Education Fund	Share Transfer fund	Statutory reserve	Revolving Fund	Coop. Dev't fund	Total
Note	9.17	9.18	9.22	9.20	9.19	9.23	9.21	
	UShs	UShs	UShs	UShs	UShs	UShs	UShs	UShs
As at 1.01.2020	6,069,902,777	1,747,434,123	212,011,919	371,372,320	535,209,543	2,500,000	266,428,845	9,204,859,527
Prior year adjustment	-	5,939,999	-	-	-	-	-	5,939,999
Shares issued	188,623,857	-	-	-	-	-	-	188,623,857
Profit for the year	-	1,666,680,413	-	-	-	-	-	1,937,958,529
Education Fund 1% of Total Turnover	-	(59,732,683)	59,732,683	-	-	-	-	-
Share transfer fund 1% of Shares	-	(62,585,266)	-	62,585,266	-	-	-	-
Statutory reserve 10% of Net surplus	-	(166,668,041)	-	-	166,668,041	-	-	-
Coop Dev't revolving fund 5% of Net Surplus	-	(83,334,021)	-	-	-	-	83,334,021	-
As at 31.12.2020	6,258,526,634	3,047,734,523	271,744,602	433,957,586	701,877,584	2,500,000	349,762,866	11,337,381,912

The notes on pages 20 to 43 form an integral part of these Financial Statements



Kyamuhunga Peoples SACCO
Annual Report and Audited Financial Statements
For the year ended 31st December 2020

b) As at 31 December 2020

Particulars Note	Members Shares 9.17 UShs	Retained Earnings 9.18 UShs	Education Fund 9.22 UShs	Share Transfer fund 9.20 UShs	Statutory reserve 9.19 UShs	Revolving Fund 9.23 UShs	Coop. Dev't fund 9.21 UShs	Total UShs
As at 1.01.2020	5,636,934,042	1,544,372,055	168,045,554	310,673,292	500,170,533	2,500,000	248,909,340	8,411,604,816
Prior year adjustment of overstated dividend	-	9,895,879	-	-	-	-	-	9,895,879
Shares issued	432,968,735	-	-	-	-	-	-	432,968,735
Profit for the year	-	350,390,097	-	-	-	-	-	350,390,097
Education Fund 1% of Total Turnover	-	(43,966,365)	43,966,365	-	-	-	-	-
Share transfer fund 1% of Shares	-	(60,699,028)	-	60,699,028	-	-	-	-
Statutory reserve 10% of Net surplus	-	(35,039,010)	-	-	35,039,010	-	-	-
Coop Dev't revolving fund 5% of Net Surplus	-	(17,519,505)	-	-	-	-	17,519,505	-
As at 31.12.2020	6,069,902,777	1,747,434,123	212,011,919	371,372,320	535,209,543	2,500,000	266,428,845	9,204,859,527

The notes on pages 20 to 43 form an integral part of these Financial Statements



8.0 Statement of Cash flows

		31-Dec-21 UShs	31-Dec-20 UShs
Cash flows from operating activities			
Surplus for the year		1,666,680,413	350,390,097
Adjustment			
Prior year adjustment		5,939,999	
Add: depreciation of property & Equipment		148,981,108	105,916,693
Add: impairment on intangible assets		39,059,525	39,059,526
Add: Interest on external loans (borrowings)		164,802,470	195,105,039
		2,025,463,515	690,471,355
<i>Operating Activities</i>			
(Decrease)/Increase in Payables		47,853,770	(49,933,004)
Decrease in Receivables and Prepayments		(169,079,699)	(59,521,709)
(Decrease)/Increase in Interest Payables		(6,197,739)	-
Decrease/(Increase) in Stocks		130,386,150	(128,221,750)
Increase in loans to members		(968,983,697)	(1,180,522,231)
Net Cash flows from operating activities		1,059,442,301	(727,727,339)
Cash flows from investing activities:			
Acquisition of Fixed Assets	9.11	(269,067,500)	(11,057,600)
Investment		1,000,000,000	(1,000,000,000)
Addition to Intangible Assets		-	-
Net cash used in investing activities		730,932,500	(1,011,057,600)
Cash flows from financing activities:			
Members Deposits		(1,575,344,927)	816,709,620
Member's Shares	9.17	188,623,857	432,968,735
External Loans (borrowings) & interest paid		(871,257,748)	(519,904,094)
Dividends Paid	9.16	-	(666,536,206)
External Loans (borrowings) received		500,272,050	-
Net cash from/(used in) financing activities		(1,757,706,768)	63,238,055
Changes in cash and cash Equivalent			
Cash and cash equivalent 1 January		1,961,367,378	3,636,914,262
Cash and Cash Equivalents 31 December	9.7	1,994,035,410	1,961,367,378

The notes on pages 20 to 43 form an integral part of these Financial Statements



9.0 Notes to the Financial Statements for the year ended 31 December 2021

9.1 Accounting Entity

Kyamuhunga Peoples Cooperative Savings and Credit Society Ltd Reg. No. 7053 is incorporated in Uganda under the Cooperative Act CAP 112 as a cooperative society. It is engaged in savings and credit services.

9.2 Summary of Significant Accounting Policies

The principal statements policies adopted in the preparation of the statements are set out as below. These policies will consistently apply to all years, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards. (IFRS's).

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. 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 SACCO 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 inventories or value in use in IAS 36-impairment of assets.

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

9.3 Going Concern

Based on the financial performance and position of the SACCO and its risk management practices, the Board members are of the opinion that the SACCO is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.



9.4 Critical Judgments in Applying the SACCO's Accounting Policies.

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that the Board Members have made in the process of applying the SACCO's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- Held to maturity financial assets - The Board members have reviewed the SACCO's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the SACCO's positive intention and ability to hold those assets to maturity.

9.5 (a) Key Sources of Estimation Uncertainty

In application of accounting policies, the Board members make assumptions about the future and other major sources of estimation, these estimates and associated assumptions **are based on historical experience and other relevant factors and are reviewed on an ongoing basis**

The key assumptions concerning the future, and the other key sources of estimation uncertainty at the reporting period that may have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below;

- **Impairment of Receivables**-Following an assessment of the recoverable amount of the loan portfolio, the SACCO reviews their portfolio of trade receivables on and in determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.
- **Useful lives of property and equipment**-The useful lives of the SACCO's property and equipment are as a result of management's assessment of expected number of years, the assets will be effectively used in operation. Management reviews the useful lives and residual value of the Items of property and equipment on a regular basis. During the financial year, the Board members determined no significant changes in the useful lives and residual values.
- **Fair value measurement and valuation Process**-Some of the SACCO's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, management uses market-observable data to the extent it is available. Where level 1 input are not available, management makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the model

b) Property and equipment

All property 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.

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 SACCO and the cost can be reliably measured. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.



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

Item	Rate
Land	Nil
Building	2.5%
Furniture and Fittings	12.5%
Computers & Accessories	33%
Safe	8%
Office Equipment	20%
Motor Cycles	25%
Motor Vehicles	25%
Bantu Core Software	Use full life of 15 years

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 and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

c) 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 accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

d) Impairment of tangible and intangible assets

At each reporting date, the SACCO 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the SACCO estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

e) Financial instruments

Financial assets and financial liabilities are recognised when the SACCO becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

The SACCO's financial assets fall into the following categories:

- Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the SACCO commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the receivable have expired or have been transferred and the SACCO has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the statement of comprehensive income under administrative expenses when there is objective evidence that the SACCO will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the Issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in profit or loss.



Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in profit or loss are determined by reference to their carrying amount and are taken into account in determining operating profit (loss). On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recycled to the statement of profit or loss. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

Management classifies financial assets as follows: Cash in hand and balances with financial institutions, trade and other receivables and tax recoverable are classified as loans and receivables and are carried at amortised cost.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end the three hierarchy levels used by management are:

- Level 1: Where fair values are based on non-adjusted quoted prices in active markets for identical financial assets
- Level 2: Where fair values are based on adjusted quoted prices and observable prices of similar financial assets
- Level 3: Where fair values are not based on observable market data.

Financial liabilities

The SACCO's financial liabilities which include trade and other payables, member savings and fall financial liabilities measured at amortised cost.

- **Financial liabilities measured at amortised cost:** These include borrowing, trade payables and current tax. These are initially measured at fair value and subsequently measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.
- Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs under the effective interest rate
- Borrowings are initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value IS recognised as Interest expense in profit or loss under finance
- Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.
- General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their Intended use or sale, are added to the cost of those assets, until such time as the assets are substantially completed for their intended use or sale.
- Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
- All other borrowing costs are recognised in profit or loss in the year in which they are incurred.



All financial liabilities are classified as current liabilities unless the SACCO has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date

Financial liabilities are derecognised when, and only when, the SACCO's obligations are discharged, cancelled or expired.

- **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.

f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days, net of bank overdrafts and money market lines

g) Inventories/Stock

Inventories are stated at the lower of cost and net realisable value. Cost for Inventories is determined by the weighted average method using a specific Individual item cost and the weighted average method for other stocks. The cost of kits, spare parts, consumables and work in progress comprise all costs attributable to bringing the inventory to its present location and condition. Net realisable value is the estimate of the selling prices in the ordinary course of business, less selling expenses.

h) Provisions

Provisions for legal claims are recognised when the SACCO 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.

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 anyone 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.

i) Retirement benefit obligations

The SACCO and its employees contribute to the National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act for its civilian staff. The SACCO's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate. The SACCO has no further payment obligations once the contributions have been paid



j) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick-leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

k) Equity

Equity refers to the residual interest in the assets of the entity after deduction of all liabilities. Equity comprises of statutory reserves such as reserve fund, education fund, revolving fund, share transfer fund and contributions from shareholders and retained earnings. The amount at which equity is shown in the balance sheet is dependent on the measurement of assets and liabilities.

- **Education fund**

Section 49 of the Cooperatives Act requires 1% per year of the turnover to an education fund.

- **Cooperative Development Revolving Fund**

Regulation 36 of the Cooperative Societies Regulation 1992 requires every registered society to pay 5% of its surplus annually. The fund shall be administered by a committee of trustees which shall be composed of five members appointed by the board. The fund shall be invested in the Cooperative Bank or such other modes as the board may approve.

- **Reserve Fund (Statutory Reserve)**

A reserve fund is maintained in which is paid at the end each financial year 10% of the net gain or surplus resulting from the operations of the society during the financial year, in accordance with Section 34 of the Cooperative Societies Regulations 1992. On the dissolution of a registered society, the reserve fund shall be applied to discharge the liabilities of the society and the repayment of share capital – Sections 34 and 35 of the Cooperative Societies Regulations 1992.

l) Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as Interest expense in profit or loss under finance.

m) Revenue recognition

The SACCO recognizes revenue from the following major sources

- Interest Income: This includes interest from various loan products which comprise of group loans, individual loans and institution loans.
- Other incomes: This comprise all Loan related fees and other operational incomes

All the SACCO's incomes are recognized when received rather than when earned

n) Expenditure

Expenditure represents an outflow of future economic benefits or depletion of assets such as Cash and bank, inventory. Kyamuhunga Peoples SACCO Limited recognises an expense when it occurs rather than when paid. The SACCO's expenditure comprises of Interest expense, administrative expenses, personnel expenses, governance expenses, marketing expenses and finance expenses.



o) Taxation

During FY 2017, all SACCO's was granted tax exemption on all taxes by the Head of state but it is yet to receive final approval from Ministry of finance and Uganda Revenue Authority.

p) Currency

The functional and presentation currency of the SACCO is Uganda Shillings (UShs)

q) Comparatives

Audited financial statements for the year 2020 have been used as comparatives for the year ended 31st December 2021.and, where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

r) Events after the reporting Date

There were no events after the reporting date affecting the financial statements as at the date of this report.

9.6 Financial assets

Financial assets comprise the following:

(a) Net loans at amortised cost

	31-Dec-21 UShs	31-Dec-20 UShs
Loans to Members	19,079,028,321 ⁶	18,251,689,949
Less: Provisions for loans losses	(1,467,642,183)	(1,609,287,508)
Net loans and advances at amortized cost	17,611,386,138	16,642,402,441

The ageing analysis of the above loans at amortised cost is as follows:-

<i>Classification of loans</i>	<i>Descriptions</i>	<i>Amount in UShs</i>
Performing loans	Principal or interest paid to-date	11,703,119,718
Watch loans	Principal or interest unpaid from 1 day -60 days or one instalment in arrear	2,944,304,313
Substandard loan	Principal or interest unpaid from 60 days - 90 days or 2-3 instalments in arrear	1,750,338,111
Doubtful loans	Principal or interest unpaid from 90 days - 180 days or 4-6 instalments in arrear	1,500,638,415
Loss loans	Principal or interest unpaid more than 180 days or more than 6 instalments in arrear	1,180,627,764
	Total	19,079,028,321

The carrying amounts of the SACCO's loans and receivables due from members and are denominated in Uganda Shillings. Credit risk primarily arises from the changes in the market value and the financial stability of the respective credit customers.

⁶ Loans to members: This included staff loans of Shs 387,812,380, Board Member loans of Shs 183,840,173 and Shs 18,507,375,768 for other SACCO Members



Management monitors the credit quality of loans and receivables by:

- discussion at the management and board meetings;
- reference to external historical information available;
- analysis of customer repayment and defaults using internally maintained loan data; and
- Consideration of the risk level of the customer base and receivables, including a consideration of the number of days since the last payment.

Loans for which payment has not been received beyond 180 consecutive days are written off when there is no realistic prospect of recovery.

Members' properties are pledged as collateral against the loans.

The impairment loss allowance is updated on an annual basis and will be updated as of 31 December 2021. The maximum exposure to credit risk as at reporting date is the carrying value of the loans and receivables as disclosed above.

(b) Impairment Provisions on loans and advances

	31-Dec-21 Shs	31-Dec-20 Shs
As at 1 January	1,609,287,508	1,184,311,672
Increase/Decrease in provisions for year	129,632,791	424,975,836
Loan write-off	(271,278,116)	-
As at 31st December	1,467,642,183	1,609,287,508

9.7 Cash and Bank Balances

	31-Dec-21 UShs	31-Dec-20 UShs
DEPOSITS IN COMMERCIAL BANKS	-	-
Stanbic Current Account	749,072,120	950,270,002
Cash at hand	495,328,100	424,353,100
Centenary Bank	277,959,536	296,005,852
DFCU	135,572,828	222,660,232
Mobile Banking Float	45,608,386	46,082,657
MTN Mobile Money Deposits	65,578,973	18,902,673
Agent Banking Float	26,340,529	3,089,787
Equity Bank	198,571,863	-
Centenary aBi Trust Grant a/c	3,075	3,075
	1,994,035,410	1,961,367,378



Kyamuhunga Peoples SACCO
Interim Report and Interim Financial Statements
For the Year Ended 31 December 2021

9.8 Receivables and Prepayments

	31-Dec-21	31-Dec-20
	UShs	UShs
Other debtors	393,650,939	199,936,115
Staff advances	-	24,635,125
	393,650,939	224,571,240

9.9 Stock

	31-Dec-21	31-Dec-20
	UShs	UShs
Stock of Promotional Materials	18,824,000	13,134,000
Stationery (Saleable)	16,177,700	17,236,850
Stock Motorcycles	-	135,017,000
	35,001,700	165,387,850

9.10 Investments

	31-Dec-21	31-Dec-20
	UShs	UShs
Long Term Investment		
Shares in CIC Insurance Company Ltd	50,000,000	50,000,000
RUSCCU Ltd	24,000,000	24,000,000
Shuuku Cooperative	813,903	813,903
Central Fund UCSCU	500,000	500,000
Centenary Bank	-	500,000,000
DFCU	-	500,000,000
	75,313,903	1,075,313,903



Kyamuhunga Peoples SACCO
Interim Report and Interim Financial Statements
For the Year Ended 31 December 2021

9.11 Property and equipment

(a) For the Year ended 31st December 2021

	Land UShs	Building UShs	Computers & Accessories UShs	Motor Vehicles UShs	Furniture & fittings UShs	Safe UShs	Office equipment UShs	Motor cycles UShs	Total UShs
Cost									
As at 1 Jan 2021	80,116,000	713,674,918	265,968,790	174,264,000	154,962,950	38,125,000	384,943,474	172,936,410	1,984,991,542
Additions	-	-	33,008,000	180,000,000	11,192,500	16,925,000	27,942,000	-	269,067,500
At 31 Dec 2021	80,116,000	713,674,918	298,976,790	354,264,000	166,155,450	55,050,000	412,885,474	172,936,410	2,254,059,042
Accumulated Depreciation									
As at 1 Jan 2021	-	124,687,845	226,821,614	143,412,836	83,478,423	16,304,003	245,359,018	130,205,551	970,269,290
Charge for the year	-	14,724,677	24,361,333	52,712,791	10,334,617	2,659,680	33,505,292	10,682,714	148,981,103
At 31 Dec 2021	-	139,412,522	251,182,947	196,125,627	93,813,040	18,963,683	278,864,309	140,888,265	1,119,250,393
Net Book Value									
At 31 Dec 2021	80,116,000	574,262,396	47,793,843	158,138,373	72,342,410	36,086,317	134,021,165	32,048,145	1,134,808,649
At 31 Dec 2020	80,116,000	588,987,073	39,147,176	30,851,164	71,484,527	21,820,997	139,584,456	42,730,859	1,014,722,252



Kyamuhunga Peoples SACCO
Interim Report and Interim Financial Statements
For the Year Ended 31 December 2021

(b) For the year ended 31st December 2020

	Land UShs	Building UShs	Computers & Accessories UShs	Motor Vehicles UShs	Furniture & fittings UShs	Safe UShs	Office equipment UShs	Motor cycles UShs	Total UShs
Cost									
As at 1 Jan 2020	80,116,000	713,674,918	260,368,790	174,264,000	153,155,350	38,125,000	381,293,474	172,936,410	1,973,933,942
Additions	-	-	5,600,000	-	1,807,600	-	3,650,000	-	11,057,600
At 31 Dec 2020	80,116,000	713,674,918	265,968,790	174,264,000	154,962,950	38,125,000	384,943,474	172,936,410	1,984,991,542
Depreciation									
As at 1 Jan 2020	-	109,585,610	207,540,168	133,129,115	73,266,346	14,406,525	210,462,903	115,961,931	864,352,598
Charge for the year	-	15,102,235	19,281,446	10,283,721	10,212,077	1,897,478	34,896,115	14,243,620	105,916,693
At 31 Dec 2020	-	124,687,845	226,821,614	143,412,836	83,478,423	16,304,003	245,359,018	130,205,551	970,269,291
Net Book Value									
At 31 Dec 2020	80,116,000	588,987,073	39,147,176	30,851,164	71,484,527	21,820,997	139,584,456	42,730,859	1,014,722,251
At 31 Dec 2019	80,116,000	604,089,308	52,828,622	41,134,885	79,889,004	23,718,475	170,830,571	56,974,479	1,109,581,344



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

9.12 Intangible Asset (Bantu core solution)

	31-Dec-21	31-Dec-20
	UShs	UShs
As at 1 January	507,773,836	546,833,362
Bantu Core System Impairment	(39,059,525)	(39,059,526)
31st December	468,714,311	507,773,836

9.13 Members Deposits

	31-Dec-21	31-Dec-20
	UShs	UShs
Fixed savings deposits	3,554,532,747	5,089,905,772
Voluntary Savings	3,688,491,070	3,804,985,315
Foco save a/c	1,031,994,486	1,040,070,714
Abato savings	238,800,576	225,728,830
KYAPS Compulsory Savings	229,536,922	157,012,325
KYAPS biz a/c	974,807	1,972,780
Humura savings	484,929	484,729
	8,744,815,538	10,320,160,465

9.14 Borrowings

		31-Dec-21	31-Dec-20
		UShs	UShs
aBi Finance Limited	9.14(a)	287,405,445	577,356,665
Micro Finance Support Center	9.14(b)	888,199,389	1,265,026,946
Stanbic Bank	9.14(c)	460,595,555	-
Total		1,636,200,389	1,842,383,611
Represented by:			
Non-Current			
Term Loan from aBi Finance Limited		-	224,736,533
Term Loan from MSCL		480,402,026	888,216,021
		480,402,026	1,112,952,554
Current			
Term Loan from aBi Finance Limited		287,405,445	294,806,814
Term Loan from MSCL		407,797,363	376,810,924
Term Loan from Stanbic Bank		460,595,555	-
		1,155,798,363	671,617,738
Loan Interest payable		-	57,813,318
Total		1,636,200,389	1,842,383,610



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

(a) Bi Finance Loan

	31-Dec-21 UShs	31-Dec-20 UShs
At the start of the period	577,356,665	667,182,666
Additional Loan	16,945,463	-
Interest accrued	55,113,622	82,836,924
	649,415,750	750,019,590
Less:		
Interest repayment	(64,412,705)	(25,023,606)
Principal repayment	(297,597,600)	(147,639,319)
At the end of the period	287,405,445	577,356,665
Split as follows:		
Current Portion-Principal	287,405,445	294,806,814
Non-Current Portion-Principal	-	224,736,533
Loan Interest payable	-	57,813,318
	287,405,445	577,356,665

The term loans from aBi Finance relates to a facility of UShs 500,000,000, UShs 500,000,000 and UShs 1,000,000,000 taken up on 23rd February 2016, 29th April 2016 and 21 December 2017 whose outstanding balances as at 31st December 2021 was UShs UShs 287,405,445 respectively; to finance working capital of the SACCO. The loans had a maturity period of 57 months, 54 months and 48 months respectively and attracts an interest at an average rate of 14.8% per annum.

(b) Microfinance Support Centre loan

	31-Dec-21 UShs	31-Dec-20 UShs
At the start of the period	1,265,026,945	1,500,000,000
Additions	272,050	-
Interest accrued	87,606,406	112,268,115
	1,352,905,401	1,612,268,115
Less:		
Interest repayment	(88,316,618)	(112,268,115)
Principal repayment	(376,389,394)	(234,973,054)
At the end of the period	888,199,389	1,265,026,946
Split as follows:		
Current Portion	407,797,363	376,810,924
Non-Current Portion	480,402,026	888,216,021
Loan Interest payable (Prepayment)	-	-
	888,199,389	1,265,026,945

The term loan from Micro Finance Support Centre (MSCL) relates to a facility of UShs 1,500,000,000 taken up on 29th July 2019; to finance working capital of the SACCO. The loan has a maturity period of 48 months and attracts an interest at an average rate of 8% per annum. The security was Land comprised in FRV1141 Folio 22 Plot 49 Block 25 land at Butare Bushenyi registered in the names of the SACCO, registered debenture on the assets of the SACCO and personal guarantees from the Chairperson, Treasurer and General Manager of the SACCO.



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

(c) Stanbic Bank loan

	31-Dec-21 UShs	31-Dec-20 UShs
At the start of the period	-	
Additions	500,000,000	
Interest accrued	5,136,986	
	505,136,986	
Less:		
Interest repayment	(5,136,986)	
Principal repayment	(39,404,445)	
At the end of the period	460,595,555	
Split as follows:		
Current Portion	460,595,555	
Non-Current Portion	-	
Loan Interest payable (Prepayment)	-	
	460,595,555	

The term loan from Stanbic Bank relates to a facility of UShs 500,000,000 taken up on 18th November 2021; to finance working capital of the SACCO. The loan has a maturity period of 12 months and attracts an interest at an average rate of 12.5 % per annum

(d) Reconciliation of liabilities arising from financing activities:

The borrowing facilities expiring within one year are subject to review at various dates during the next financial year.

	31-Dec-21 UShs	31-Dec-20 UShs
At start of year	1,842,383,610	2,167,182,666
Interest charged to profit or loss	164,802,477	195,105,039
Cash flows:		-
-Proceeds from long-term borrowings	500,272,050	-
-Repayments of interest paid	(157,866,309)	(137,291,722)
-Repayments of long-term borrowings	(713,391,439)	(382,612,373)
At end of year	1,636,200,389	1,842,383,610

The exposure of the SACCO's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	31-Dec-21 Shs	31-Dec-20 Shs
1 - 12 months	1,155,798,363	729,431,056[1]
1 - 5 years	480,402,026	1,112,952,554
	1,636,200,389	1,842,383,610



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

Weighted average effective interest rates at the reporting date were:

	31-Dec-21	31-Dec-20
Term loan from aBi Finance Limited (Note 9.14(a))	14.8%	14.8%
Term loan from Micro Finance Support Centre (Note 9.14 (b))	08%	08%
Term loan from Stanbic Bank (Note 9.14 (c))	12.5%	
	11.8%	11.4%

The fair values of current borrowings equal to their carrying amount, as the impact of discounting, is not significant

In the opinion of the board, the carrying amounts of short-term borrowings approximate to their fair value.

In the opinion of the Board members, it is impracticable to assign fair values to the SACCO's long-term liabilities due to the inability to forecast interest rate and foreign exchange rate changes.

9.15 Payables and Accruals

	31-Dec-21 UShs	31-Dec-20 UShs
Affidavit & Search charge	105,175,000	83,350,000
Staff gratuity	46,638,714	40,585,734
Accrued PAYE-staff	20,684,501	18,505,500
Accrued NSSF 10%	17,955,500	7,988,500
Accrued NSSF 5%	8,977,751	3,994,250
Kyaps tuhwerane	8,310,400	-
Withholding tax of foco savings	7,620,546	4,680,890
Salary account	6,934,052	5,410,760
Igara tea factory	6,788,900	15,649,889
True African Communication on withdraw	6,572,900	3,966,100
Withholding tax on fixed deposits	6,042,228	4,725,155
Audit fees	5,428,000	9,880,000
Kyamuhunga tea company	5,200,216	818,738
McLeod russel ug limited	3,660,456	1,845,000
True African Communication on Deposit	3,583,900	2,078,400
Unidentified direct bank deposit	2,435,439	-
Withholding on Abato save	1,292,041	1,156,522
Withholding tax on supplies	705,810	237,750
Eco trust	482,734	482,734
Accrued PAYE-BOD	405,000	90,000
Agri Industrial security	338,793	1,023,232
Other payables (Ishaka Arishaba St. Jude)	212,299	212,299
Motor cycle logbook	207,123	403,123
Insurance premium	124,000	9,530,265
Stamp duty	15,000	-
Excise duty on school fees and ledger fees	14	24
Payables/ creditors	11	



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

Teachers salary (with no specific pay slips)	-	1,311,056
Withholding tax on KYAPS-biz	-	11,636
	265,791,327	217,937,557
9.16 Dividends payable		
	31-Dec-21	31-Dec-20
	UShs	UShs
As at 1 January	6,197,739	682,629,824
Transfer of overstated Dividend to retained earnings	(6,197,739)	(9,895,879)
Dividends paid	-	(666,536,206)
As at 31 December	-	6,197,739
9.17 Members' shares		
	31-Dec-21	31-Dec-20
	UShs	UShs
As at 1 January	6,069,902,777	5,636,934,042
Additions	188,623,857	432,968,735
As at 31 December	6,258,526,634	6,069,902,777
9.18 Retained Earnings		
	31-Dec-21	31-Dec-20
	UShs	UShs
As at 1st January	1,747,434,123	1,544,372,055
Transfer of overstated Dividend from dividend payables	5,939,999	9,895,879
Profit for the year	1,666,680,413	350,390,097
Transfer to the Education Fund	(59,732,683)	(43,966,365)
Transfer to the Share transfer fund	(62,585,266)	(60,699,028)
Transfer to the Statutory reserve	(166,668,041)	(35,039,010)
Transfer to the Coop Dev't revolving fund	(83,334,021)	(17,519,505)
	3,047,734,523	1,747,434,123
9.19 Statutory Reserves		
	31-Dec-21	31-Dec-20
	UShs	UShs
As at 1st January	535,209,543	500,170,533
Transfer from retained earnings	166,668,041	35,039,010
	701,877,584	535,209,543



9.20 Share Transfer fund

	31-Dec-21 UShs	31-Dec-20 UShs
As at 1st January	371,372,320	310,673,292
Transfer from retained earnings	62,585,266	60,699,028
	433,957,586	371,372,320

9.21 Cooperative development Revolving Fund

	31-Dec-21 UShs	31-Dec-20 UShs
As at 1st January	266,428,845	248,909,340
Transfer from retained earnings	83,334,021	17,519,505
	349,762,866	266,428,845

9.22 Education Fund

	31-Dec-21 UShs	31-Dec-20 UShs
As at 1st January	212,011,919	168,045,554
Transfer from retained earnings	59,732,683	43,966,365
	271,744,602	212,011,919

9.23 Revolving Fund

	31-Dec-21 UShs	31-Dec-20 UShs
As at 1st January	2,500,000	2,500,000
	2,500,000	2,500,000

9.24 Interest Income

Accrual accounting—records transactions when they take place whether or not cash has been exchanged in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). According to International Accounting Standards (IAS), particularly IAS 1, financial statements should be prepared using accrual accounting. However, CGAP⁷ also recognizes that “The preparers of financial statements have to contend with uncertainties... such as the collectability of doubtful receivables...”. Such situations require “the exercise of prudence” which is in line with section 41—accrued interest⁸— of the Tier 4 Microfinance and Moneylenders (SACCO) Regulation, 2020. Thus, the SACCO’s accounting software/system was configured to recognize interest income on cash basis, that is, only when interest was received but not when it was earned.

⁷CGAP—Accounting for Microfinance Institutions: Fundamentals of Accounting for Microfinance Managers 2009

⁸Section 41—Accrued interest—states, “(1) All interest on non-performing loans and advances shall be suspended if a loan is classified as substandard, doubtful and loss and shall be taken into account in computing provisions for non-performing loan accounts. (2) Accrued interest shall not exceed thirty days’ earnings of the entire loan portfolio.”



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

	31-Dec-21 UShs	31-Dec-20 UShs
Interest income on loans	4,197,609,577	3,040,751,194
Interest income from banks	7,007,451	6,578,571
	4,204,617,028	3,047,329,765
9.25 Interest Expenses		
	31-Dec-21 UShs	31-Dec-20 UShs
Interest on members fixed deposits	564,897,615	702,479,836
Interest on members' savings	144,983,386	38,996,219
	709,881,001	741,476,055
9.26 Fees and Commissions		
	31-Dec-21 UShs	31-Dec-20 UShs
Loan processing fees	403,679,720	312,828,452
Ledger fees	270,916,334	220,837,225
Penalty fees on loans	379,874,643	162,712,428
Commission income	161,795,761	161,793,211
Loan application forms	81,684,000	76,223,000
Stationery fees	35,599,300	26,953,500
Membership fees	12,935,000	7,245,000
Mobile banking commission	8,061,200	-
	1,354,545,957	968,592,816
9.27 Other Incomes		
	31-Dec-21 UShs	31-Dec-20 UShs
Sundry income *	365,427,191	301,533,052
Income from investment	48,678,164	79,180,826
Capital grant realized	-	-
	414,105,355	380,713,878

*Sundry Income: This relates to the commission on sale of motor cycles and the bad debts recovered



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

9.28 Personnel Expenses

	31-Dec-21	31-Dec-20
	UShs	UShs
Salaries and wages	1,011,735,000	919,730,000
NSSF	108,441,000	104,907,552
Leave Expenses	78,824,875	72,100,000
Provision for Gratuity	35,002,980	27,999,996
Staff Medical Expense	13,351,650	8,645,200
	1,247,355,505	1,133,382,748

9.29 Administration expenses

	31-Dec-21	31-Dec-20
	UShs	UShs
Staff Lunch	206,775,000	165,406,000
Depreciation	188,040,634	144,976,213
Security-Office premises	112,966,800	95,403,300
Management Information System	110,220,430	122,520,910
Incentive and Bonuses	81,090,000	86,195,000
Printing and stationary	71,263,450	46,948,550
Transport and travel	60,402,500	29,034,000
Corporate social responsibility	52,245,200	-
Motor vehicles maintenance	52,211,800	21,170,500
Rent	47,480,000	49,578,400
Repairs and maintenance office	46,008,680	23,278,800
Staff training	44,703,000	20,697,000
Fuel	39,925,364	32,505,000
Telephone and postage	33,695,000	23,440,000
Branch Development	30,694,100	-
Water and electricity bills	25,724,200	21,410,650
Security -Cash in transmit	21,227,000	15,928,000
Repairs and maintenance motorcycles	20,686,900	18,406,500
Office expenses	20,613,807	16,306,300
Legal fees	17,750,000	17,700,000
Cleaning Materials	15,681,000	13,448,600
Audit fees	13,570,000	9,880,000
Licenses	6,284,500	5,639,000
Consultancy fees	6,383,000	
Newspapers and periodicals	-	1,114,500
	1,325,642,365	980,987,223



9.30 Governance expenses

	31-Dec-21 UShs	31-Dec-20 UShs
Loan recovery expenses	271,593,895	160,808,846
Regional meetings	76,833,000	96,600,200
Committees' meetings	58,487,500	48,665,000
Annual General Assembly	31,776,500	26,568,500
Board allowances	13,447,000	9,448,000
	452,137,895	342,090,546

9.31 Finance Expenses

	31-Dec-21 UShs	31-Dec-20 Shs
Interest on external loans	164,794,015	195,105,039
Insurance	60,205,773	57,556,280
Bank charges	23,538,488	8,761,221
	248,538,276	261,422,540

9.32 Marketing expenses

	31-Dec-21 UShs	31-Dec-20 UShs
Sensitization, marketing & promotions	143,032,650	109,261,900
Marketing and Promotions	32,519,000	31,180,258
Advertising and publicity	17,435,452	21,297,256
Hospitality	412,993	172,000
	193,400,095	161,911,414

9.33 Risk Management Objectives and Policies

Financial Risk Management

The SACCO's activities expose it to a variety of financial risks: market risk (including, interest rate risk and price risk), credit risk and liquidity risk.

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

Risk management is carried out by management using policies approved by the executive team. Management identifies and evaluates financial risks in close co-operation with various departmental heads. The executive team provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, and credit risk.



a) Market Risk

Interest rate risk

The SACCO has no interest-bearing assets and as a result, its cash flows are substantially independent of changes in market interest rates.

The SACCO's exposure to interest rate risk arises from non-current borrowings/current borrowings/ interest-bearing creditors and interest-bearing debtors/advances/financial assets. Financial assets and liabilities obtained at different rates expose the SACCO to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the SACCO to fair value interest rate risk, except where the instruments are carried at amortised costs.

b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of its receivables on an annual basis. Loans that are past due and where payment has not been received for 180 consecutive days are considered to be risky and an impairment allowance in accordance with Tier 4 Microfinance and Moneylenders (SACCO) Regulation 2020, is recorded against the outstanding balance of the loan. Loans for which payment has not been received beyond 180 consecutive days are written off.

Loans are approved in accordance with guidelines as set by the SACCO.

c) Liquidity Risk

Cash flow forecasting is performed by the finance department of the SACCO by monitoring the SACCO's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the SACCO does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

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, SACCO's management maintains flexibility in funding through bank loans.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

Notes 9.14 and 9.15 disclose the maturity analysis of borrowings and payables.

The table below discloses the undiscounted maturity profile of the SACCO's financial liabilities:



- **Year ended 31 December 2021**

	Interest rate %age	Between 1 - 3months Shs	Between 3months - 1 year Shs	Between 1 - 5 years Shs	Total Shs
Interest-bearing liabilities			1,155,798,363 ⁹	480,402,026	1,636,200,389
- Other borrowings	11.7%	-			
Non-interest bearing liabilities					256,565,072
- Accounts payables	00%	-	256,565,072 ¹⁰	-	
		-	961,828,372	622,547,212	1,584,375,584

- **Year ended 31 December 2020**

	Interest rate %age	Between 1 - 3months Shs	Between 3months - 1 year Shs	Between 1 - 5 years Shs	Total Shs
Interest-bearing liabilities			729,431,056 ¹¹	1,112,952,554	1,842,383,610
- Other borrowings	11.4%	-			
Non-interest bearing liabilities					224,135,296
- Accounts payables	00%	-	224,135,296 ¹²	-	
		-	953,566,352	1,112,952,554	2,066,518,906

9.34 Capital Management

Internally Imposed Capital Requirements

The SACCO's objectives when managing capital are to maximize cash flows through fundraisings while maintaining a longer-term focus on maximizing shareholder profits. This includes the following goals:

- to provide an adequate future return to shareholders by pricing products and services commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- In the long term, to maintain an optimal capital structure to reduce the cost of capital.

The SACCO sets the amount of capital in proportion to risk. The SACCO manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Long-term and consistently with others in the industry, the SACCO monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash

⁹It includes short term component of loan principal of US\$ 1,155,798,363 in note 9.14

¹⁰ This includes payables and accruals in note 9.15

¹¹ It includes loan principal of US\$ 671,617,738 and interest of US\$ 57,813,318

¹² This includes payables and accruals of US\$ 224,135,296 in note 9.15 and Dividends payables of US\$ 6,197,739 in note 9.16



Kyamuhunga Peoples SACCO
Annual Report and Audit Financial Statements
For the year ended 31 December 2021

and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

Long-term, the SACCO's strategy is to maintain the gearing ratio at a range acceptable to the industry, to secure access to finance at a reasonable cost.

The gearing ratios at as at report dates were as follows:

	Note	31-Dec-21 Shs	31-Dec-20 Shs
Total borrowings	9.14	1,636,200,389	1,842,383,610
Less: Cash and cash equivalents	9.7	(1,994,035,410)	(1,961,367,378)
Net debt		(357,835,021)	(131,990,268)
Total Equity attributable to members		11,337,381,912	9,204,859,527
Gearing ratio		0.031	0.014

9.35 Contingent Liabilities-Income Tax

There were material contingent liabilities of Shs 505,582,580 relating to the Income tax of Ushs 499,750,915 (this was a cumulative ledger reconciliation resulting from the Returns of 2014 to 2017) and the Local excise duty of Ushs 5,831,665 (this resulted from a default /estimated assessment of Ugx 5,000,000 of Ref BU040316550181 dated 29/02/2016). An engagement of a tax consultant was done to object the above assessments and also reconcile the organization's ledgers with URA.

The above was not recognized as a liability due to the following reasons as per the assessment of KYAPS Management.

- All Tax arrears owed to the SACCO as at 31st December 2015 are waived as per the Financial year budget 2016/2017 and Finance Act 2016 Part VII.
- sec 21 (ad) Income Tax act exempts Incomes for SACCO's till 2027.

Therefore, law can settle the above contingent liabilities and payment were a liability arise.

9.36 Commitments

There were no capital commitments as at 31 December 2021.

9.37 Incorporation

The SACCO is incorporated in Uganda under the Cooperative Societies Act, Cap 112.

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