

Subject : SACCOs Licensing and Reporting Guidance Notes

Date : October 2013

Scope : Savings and Credit Cooperative Societies (SACCOs)

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I. Introduction

The SACCOs Guidance Notes are a set of critical and minimum operating requirements for SACCOs. The Guidance Notes derive legal force and validity from sections 5, 21, 36 and 91 of the Financial Services Regulatory Authority Act, 2010 (the Act) which empowers the Authority to provide supervisory and regulatory oversight on all financial services providers as listed in the Second Schedule. The guideline will make possible the licensing and effective supervision of SACCOs until such time that the SACCOs Bill and Regulations come into force. It further seeks to lay the basis for governance of SACCOs as well as on-going prudential reporting by SACCOs, which entails the submission of various reports in the prescribed format on a monthly, quarterly, and annual basis.

Of note is that many SACCO's currently lack ICT systems hence lack the capability of generating regulatory reports in the prescribed format. SACCOs may hand this document to their software vendors and ask them to make modifications that will enable their systems to generate the required reports in the required format and time frames.

These Guidance Notes therefore further seeks to assist SACCOs perform the following tasks:

- Identify the reports that are required by FSRA and their respective due dates
- Understand the meaning of each report listed in the Guidance Notes
- Obtain a template for each of the required reports
- Define the terms and line items in the report templates

II. Application

This Guidance Notes shall apply to all SACCOs applying for and subsequently granted a license to carry on business of a SACCO and may be altered or reviewed from time to time.

III. Licensing

1. This Guidance Note sets out the requirements for licensing. Its objectives are to:

- outline a procedure for applying for a SACCO licence.
- enable the FSRA to determine whether a SACCO has adequate financial strength and management with sufficient knowledge and integrity to operate the business in a sound and prudent manner
- sets out the necessary information to be submitted on key persons responsible for the administration and management of the SACCO. This information is submitted in a form of a declaration on the history of competency, experience and good character of the Board of Directors, the Principal Officer and senior management of the SACCO.

2. Any person applying for a licence to operate a SACCO business shall submit the following information and/or adhere to the following procedure:-

2.1. Application Form

As the first step the applicant is required to obtain and complete the prescribed forms of application and submit the forms to FSRA with the payment of E1500.00 (E 1000.00 being the application fee and E 500.00 being the licence fee).

2.2. Attachments to the Applications Form

A SACCO applying for a license shall be required to attach the following documents to the application form:

- (a) Board resolution to apply for a licence;
- (b) A certified copy of Registration Certificate issued under the Cooperative Societies Act, 2003;
- (c) Certified copy of the SACCO's By-Laws;
- (d) Key policy documents currently in place;
- (e) Board of Directors and associated committee structures; and
- (f) Audited Annual Financial Statements for the last three years.

2.3. Information on Board Members and Senior Management

All Board members and senior management are required to complete and submit with the application the "Board and Senior Management Information Declaration Form".

3. Issuance of a License

FSRA shall issue a license to the applicant SACCO upon receiving all necessary documents and information together with the application and licensing fees.

4. Other Matters

All SACCOs:

- (a) shall be expected to be licensed from 1st April 2014. Any SACCO that will be operating without a license after 1st April 2014 shall be in contravention of the FSRA Act.
- (b) will be required to apply for renewal of a license at least ninety (90) days before the expiry of its operating license in respect of its head office and any other place of business. The expiry date for all licenses will be 31 March of every year.

At the beginning of each year and not later than 30th April, the FSRA shall publish, in at least one newspaper of national circulation, particulars of all licensed SACCOs.

Submission of Applications and correspondences should be addressed to-

The Registrar: Credit and Savings Institutions Division

The Financial Services Regulatory Authority

2nd Floor Ingcamu Building

P. O. Box 3365

Mbabane

IV. Governance

SACCOs being financial institutions, with most of their funds coming from depositors (members) and creditors, occupy a special position of trust in the national economy therefore their corporate governance is of paramount importance. Simply put, the on-going success of a SACCO starts with good governance. Checks and balances of good governance are essential to protect the interests of SACCO members. Good governance means going beyond compliance. It means taking a leadership role in instituting and maintaining practices that represent strong business ethics and ensure consistent communication. This Guidance Note seeks to ensure that Boards are committed to the constant evolution of their best practices and adopt those that enhance their board. Governance is vital to ensure that;

- SACCOs are managed and overseen by competent personnel, at both board and management level;
- that Corporate self-discipline is promoted in the governance and management of SACCOs; and
- that board and management make reasonable and impartial business decisions in the best interest of the members.

1. Meaning and Importance of Governance

Governance is the process through which an organization is directed and controlled to achieve its intended objectives. Although governance is a collective responsibility of all the organs of an organisation, the main responsibility for the good governance in the case of a SACCO falls mainly on the Board of Directors (BoD). The different organs like the supervisory and credit committees, management and the members' General Meetings also take responsibility and are accountable for achievement of their respective objectives. Prudent governance should aim at:

- Guiding SACCOs in fulfilling their respective visions, missions and aspirations guiding management of the SACCO's strategic direction
- effective monitoring and oversight, by the various organs like the committees, of the implementation of the SACCO's strategy
- protecting SACCOs' assets, reputation, values and relevance over time.

Governance is a system of checks and balances between SACCO members, the Bod and the board committees, SACCO management and other stakeholders who set the standards and objectives of achievement, and oversee their implementation. At the core of effective governance of SACCOs is the firm emphasis on and execution of responsibility and accountability, in an atmosphere of transparency. Governance is fluid: involves many players; and evolves over time according to the SACCO's legal structure and external context. Sound governance requires good leadership, competence and commitment, guided by the Bod. Although the SACCO may have many stakeholders, the governance process is under the direction of the BoD as the main organ.

2. Conditions Necessary for Effective Governance

For a SACCO to have effective governance, achieve its objectives and grow, the following conditions are necessary:

- (a) Individual Board members must have:
 - Interest at stake: financial and/or reputation
 - Competencies (leadership/management/technical)
 - Independent minds and freedom to express their views
 - Personal integrity
- (b) Commitment to the SACCO, so as to avoid detrimental conflicts of interest
- (c) Time to participate actively and regularly in the affairs of the SACCO
- (d) The responsibilities of committees and management must be clearly defined.
- (e) Committees of the board and management's performance must be regularly assessed in an objective way, and corrective action taken where necessary.
- (f) There must be a high quality interaction, providing accurate and timely reports to the various committees.
- (g) The committees and management should exercise openness and self-critical approach to business and general problem solving.
- (h) Active committees to address key issues should be formed and tasked with specific responsibilities relating to their areas of involvement.
- (i) Policies and procedures must be developed to ensure continuity and proper succession of the BoD.

- (j) An effective chairperson who knows the business very well and is able to guide, but should be open to views and respectful of decisions reached by consensus.
- (k) There must be effective and active accountability of the BoD itself to the general membership, whose powers in principle should supersede those of the committees, but who need to delegate most of this power to the committees.

3. Governance Structure of SACCOs

As a matter of principle, every SACCO should ensure that it has a governance structure that will ensure effective and efficient operations, transparency, accountability, good reputation, profitability and growth. To achieve this SACCOs should have a clear understanding of the various governance organs, their composition, roles and responsibilities, relationships and the rationale for separation of duties and responsibilities.

The principal governance organ in a SACCO is the Bod, which reports to and is elected by the members in an annual general meeting. In addition to the Bod, the SACCOs have also formed other committees to improve on governance matters. These committees include but are not limited to Credit/ Loans and the Supervisory/ Audit Committee. The Principal Officer also plays a major role in the day-to-day operations of the SACCO business. Below are highlights of the roles played by some of the various governance organs of a SACCO:

3.1 Annual General Meeting

Constitution

This body consists of all fully paid up members of the SACCO. These are the true “owners” of the SACCO.

Responsibilities

- (a) Approves mission /vision and strategic objectives of the SACCO
- (b) Protects rights of members or shareholders
- (c) Provides overall direction of the SACCO’s operations
- (d) Elects the board, supervisory and credit committees
- (e) Approves accounts of the SACCO
- (f) Approves business plan, annual plans, and budgets (unless delegated to the administrative committee)
- (g) Approves operating and lending policies

- (h) Approves interest rates policies proposed by the board.
- (i) Approves appointment of auditors and their pay
- (j) Undertakes any other general business deemed necessary
- (k) Approves any amendments in the constitution

3.2 The Board of Directors

This is the principal governance organ of the SACCO. As it is not practical for all the members or shareholders of the SACCO to keep oversight, this organ directs the affairs of the SACCO on behalf of its general membership.

Constitution

The BoD's composition is determined by the Annual General Meeting, which elects its members.

Responsibilities

- (a) Establishes appropriate policies for the SACCO
- (b) Ensures that adequate and effective internal control system is put in place
- (c) Establishes board committees
- (d) Maintain a positive image within the industry
- (e) Defines and upholds mission /vision and objectives, and policies of SACCO, and ensures that plans conform to them.
- (f) Reviews and approvals business plans & budgets before presenting them to the Annual General Meeting (or sometimes before approving them)
- (g) Supervises management in the execution of approved plans
- (h) Mobilizes resources for the SACCO on behalf of the members
- (i) Appoints, appraises and disciplines management
- (j) Approves rate of interest and other product costing
- (k) Monitors the activities of committees
- (l) Reports to the Annual General Meeting on institutional performance – financial, operational etc.

The BoD also has a role of overseeing all the reports of other committees at least once per 3 months. The BoD should take strong decisions in relation with implementation of these reports or addressing key issues revealed by those reports.

3.3 The Principal Officer

The Principal Officer of a SACCO plays an important role in supporting the governance organs to grow the institutions. The Principal Officer is responsible to the BoD for the day-to-day operations of the SACCO. The different roles played by Principal Officers in the SACCOs governance, are highlighted as follows;

- (a) Reporting to the Bod
- (b) Implementation and adherence to strategic decisions, policies, procedures and standards
- (c) Responsible for all staff matters, particularly human resource development and training
- (d) Custody of technical information
- (e) Ensure fast and effective systems and processes for business development
- (f) Apprising the BoD of operations of the SACCO through presentation of relevant board papers
 - Monthly , quarterly and annual financial statements
 - Capital structure and adequacy
 - Delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning
 - Statement of comprehensive income (monthly, quarterly, and annual) comparison with budgeted against actual
 - Sources and distribution on profile of savings and deposits
 - All insider dealings and non-performing insider loans if any
 - Reports on violation of the bylaws, relevant legislation and remedial actions taken
 - Large risk exposures
 - Investment portfolio
 - Regulatory reports and internal reports

4. Importance of Separation of Roles and Responsibilities

For smooth running of the institution, each organ of the SACCO's governance structure needs to effectively and efficiently execute its duties and responsibilities in accordance with the

terms of reference laid down for it in the SACCO's by-laws. Each organ should work collaboratively with but not usurp the powers of other organs in handling any of the SACCO's business. In cases where roles overlap, the committees should work collaboratively to define responsibilities within those areas.

The SACCO's governance structure should clearly define the separation of duties and responsibilities of the organs. Particularly, the roles of the committees and those of management should be clear and respected. Similarly, the board members should refrain from trying to micro-manage the SACCO.

V. Prudential Reporting

Prudential Reports are an interactive tool for reporting. They facilitate the submission of key information in a timely manner and are a very important tool in directing supervision of SACCOs. In promoting safety and soundness, FSRA focuses primarily on the harm that SACCOs can cause to the stability of the financial system. A stable financial system is one in which financial institutions including SACCOs continue to provide critical financial services- a precondition for a healthy and successful economy. FSRA will make forward-looking judgments on the risks posed by SACCOs to its statutory objectives. The SACCOs and issues that pose the greatest risk to the stability of the financial system will be the focus of its work.

It is essential that all SACCOs comply with their statutory reporting obligations by filing reports promptly. The following are some of the prudential reports that SACCOs are required to submit either monthly or quarterly:

1. Statement of Financial Position

1.1 The statement of financial position of a SACCO is of critical importance to SACCOs as it enables senior management and members to assess and evaluate the financial soundness of an entity in terms of liquidity risk, financial risk, credit risk and business risk. This Guidance Note sets out the framework within which SACCOs should maintain and report their financial position to the FSRA on on-going basis. It seeks to enhance the disclosure and presentation of statement of financial position reports. This is to ensure consistency and comparability of these statements among SACCOs. It will also ensure that all financial activities are reported and well understood by all stakeholders. SACCOs

are encouraged to disclose additional information on the accounting policies, new financial instruments and other material activities not covered by this guidance note. The statement of financial position must be prepared in accordance with applicable laws, regulations and international accounting standards.

1.2 The Statement of Financial Position is a snap shot of a SACCO's asset and liability position at a point in time. It reflects:

- (a) What the SACCO owns and what is owed to it (assets);
- (b) What it owes other persons or entities (liabilities); and
- (c) The difference between the above two is the equity or the net worth.

1.3 The Statement of Financial Position is likened to a snap shot since it simply captures the financial position at that time.

1.4 **Note:** In a Statement of Financial Position, assets should always be equal to the sum of liabilities plus net worth/ equity.

1.5 The Board and Management of a SACCO shall submit to FSRA, in the following month after the end of the calendar quarter, a Statement of Financial Position showing results of operations for the preceding quarter.

1.6 The Board and Management of a SACCO shall as of 31st March, 30th June, 30th September and 31st December of each year submit to FSRA a Statement of Financial Position in the prescribed format, on **FORM 1A of Appendix 2**.

2. Statement of Comprehensive Income

2.1 The Statement of Comprehensive Income is a summary of income and expenses during a period, with the bottom line being net income or loss. It reports all income activities of a SACCO within an accounting period. The statement summarizes all financial activities during a specified period usually a quarter or year. The statement of comprehensive income measures the performance of a SACCO over the period.

2.2 The Board and Management of a SACCO shall submit to FSRA, in the following month after the end of the calendar quarter, a Statement of Comprehensive Income showing results of operations for the preceding quarter.

2.3 The Board and Management of a SACCO shall as of 31st March, 30th June, 30th September and 31st December of each year submit to FSRA a Statement of Comprehensive Income in the prescribed format, on **FORM 1B of Appendix 2**

3. Capital Adequacy

- 3.1 Capital enhances the safety and soundness of the institution, improves earnings, absorbs losses, and supports new member services, finances, non-earning assets and assists in meeting competitive pressures in the future. SACCOs need to maintain a specified level of capital to promote member confidence and help ensure the safety of members' funds.
- 3.2 The objective of this Guidance Note is to ensure that there is effective management of risk by SACCOs and that SACCOs have an adequate cushion of capital to absorb losses, support new members' savings and finance non-earning assets.
- 3.3 Capital Adequacy is the amount necessary to absorb losses while providing financial stability. It is the percentage ratio of capital to total assets of a SACCO used as a measure of its financial strength and stability, on an on-going basis. It is essential that a SACCO reviews and examines the capital accounts, including reserves, by considering the adequacy of capital, obvious trends and any remarkable activity in the account.
- 3.4 A SACCO shall at all times maintain;
- (a) core capital of not less than E 5000 (five thousand Emalangeni);
 - (b) core capital of not less than 10% (ten percent) of total assets;
 - (c) core capital of not less than 8% (eight percent) of total savings and deposits; and
 - (d) Institutional capital of not less than 8% (eight percent) of total assets.
- 3.5 The Board and Management of a SACCO shall submit to FSRA, in the following month after the end of the calendar quarter, a Capital Adequacy report for the preceding quarter.
- 3.6 The Board and Management of a SACCO shall as of 31st March, 30th June, 30th September and 31st December of each year submit to FSRA a Statement of Capital Adequacy in the prescribed format, on **FORM 2A of Appendix 2**.

4. Liquidity Management

- 4.1 The objective of the liquidity Guidance Note is to ensure that SACCOs maintain adequate liquid assets to meet demands of recurrent liquidity needs and reduce the risk that cash or cash equivalent assets provided by normal operations are not enough to meet the SACCO's liabilities as they arise.

- 4.2 The Board of Directors is responsible for formulating, reviewing and adjusting the liquidity policy of the SACCO on an on-going basis. This liquidity policy should address liquidity management, persons that may access a line of credit for liquidity purposes, how liquidity will be monitored, the limits for total cash assets and the limits for the amount of cash to be kept on-site.
- 4.3 A SACCO needs an adequate level of liquid funds to operate safely and to satisfy members' needs or loans and withdrawals.
- 4.4 Liquidity refers to the ability to fund at reasonable cost all contractual obligations of a SACCO, notably, savings and deposit withdrawals, external borrowing repayments, member loan demands and operating expenses. Liquid assets are assets that can easily be converted into cash without suffering a penalty or loss. For purposes of this Guidance Note, liquid assets shall include;
- (a) Notes and coins which are legal tender in Swaziland;
 - (b) Swaziland Government treasury bills and;
 - (c) Balances with a maturity period of less than 91 days; held at financial institutions licensed under the Financial Institutions Act, 2005, or the Swaziland Building Societies Act, 1962, or the Financial Services Regulatory Authority Act, 2010, after deducting balances owing to those institutions; and
 - (d) Such other liquid assets as FSRA may specify.
- 4.5 A SACCO should maintain at least 15% (fifteen per cent) of members' total savings deposits and short-term liabilities in liquid assets.
- 4.6 The liquidity ratio calculation shall be liquid assets less liabilities due in thirty (30) days or less divided by total savings and deposits and short-term liabilities. The liquidity ratio should be calculated on a weekly basis using the closing balances of the last business week.
- 4.7 A SACCO should submit, on or before the 15th day of every month, to FSRA a Liquidity Report for the preceding month in the **FORM 2B of Appendix2**.

5. Risk Classification of Assets and Provisioning

- 5.1 Risk classification of assets refers to the process by which SACCOs review their loan portfolios and assign loans to categories or grades based on the perceived risk and other relevant characteristics of the loans. The process of continual review and classification of loans enables SACCOs to monitor the quality of their loan portfolios and, when

necessary, to take remedial action to counter deterioration in the credit quality of their portfolios.

- 5.2 Given the size and complexity of a SACCO, it may be necessary for SACCOs to use more complex internal classification systems than the more standardized systems that FSRA requires for reporting purposes and that are intended to facilitate monitoring and inter-SACCO comparisons.
- 5.3 From an accounting perspective, loans should be recognized as being impaired and necessary provisions should be made, if it is likely that the SACCO will not be able to collect all the amounts due, principal and interest, according to the contractual terms of the loan agreement(s). Loan loss provisioning is thus a method that SACCOs use to recognize a reduction in the realizable value of their loans. SACCO Boards/managers are expected to evaluate loan losses in their loan portfolios based on available information.
- 5.4 Board and Management shall, therefore classify its loan portfolio based on performance in terms provided in the loan contract. All loans shall be classified into five categories on the basis of the following criteria;
 - (a) performing loans, being loans which are well documented and performing according to contractual terms;
 - (b) watch loans, being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding;
 - (c) substandard loan, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty one to one eighty days or where two to six instalments have remained outstanding;
 - (d) doubtful loans, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty one to three hundred and sixty days or where seven to twelve instalments have remained outstanding; and,
 - (e) loss loans, being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding.

- 5.5 The Board shall put in place a policy that guides the classification of the loan portfolio.
- 5.6 A restructured loan may be reclassified if a sustained record of performance is maintained for six months or six instalments have been made from the date of the restructuring provided no loan shall be restructured more than once in its life cycle.
- 5.7 All interest on non-performing loans and advances shall be suspended once a loan is classified as substandard, doubtful and loss and shall not be treated as income. Interest in suspense shall be taken into account in computing provisions for non-performing loan accounts.
- 5.8 The Board and Management of a SACCO shall assess and provide for loan loss provision for delinquent loans as follows-
 - (a) one percent (1%) for a loan classified as performing;
 - (b) five percent (5%) for a loan classified as watch;
 - (c) twenty-five (25%) percent for a loan classified as substandard;
 - (d) fifty percent (50%) for a loan classified as doubtful; and
 - (e) one hundred percent (100%) for a loan classified as loss.
- 5.9 The Board and Management of a SACCO shall submit to FSRA, in the following month after the end of the calendar quarter, a Risk Classification of Assets and Provisioning Report for the preceding quarter.
- 5.10 The Board and Management of a SACCO shall as of 31st March, 30th June, 30th September and 31st December of each year submit to FSRA a Risk Classification of Assets and Provisioning Report in the format prescribed in **FORM 3A of Appendix 2**.

6. Investments

- 6.1 This Guidance Note sets out the framework within which SACCOS should maintain and manage their investments so that their obligations to members are met. SACCOs are founded by their members in order to accept share and savings deposits, grant loans and provide other financial services. Loan demand can fluctuate throughout the year, causing periods of excess liquidity and other periods with insufficient liquidity.
- 6.2 The primary objective of the investment portfolio is to provide for, complement liquidity, and cash management activities. Excess funds may be converted into earning assets with the objective that all investments are made in safe and sound institutions and within legal limits. The investment yield is important; however, the safety of investments and liquidity are always the primary concerns.
- 6.3 A SACCO may invest any of its funds, which are surplus to its operating requirements and are not immediately required to finance core operations and statutory liquidity requirements.

- 6.4 The liquidity and security of funds must be upper most in the minds of SACCOs' Boards when making investment decisions. Where commercial considerations clearly justify long-term investments, such should be considered where there is no undue risk to members' savings. Investments options should be subjected to careful consideration by the full Board to ensure that members' interest are protected and having regard to the future liquidity of the SACCO.
- 6.5 SACCOs' Boards and Management should develop and implement an investment policy to guide investment, monitoring and reporting.
- 6.6 A SACCO should make financial investment with the intention of "holding to maturity" and shall not use the portfolio to trade securities for profit, placing the SACCO's capital at risk.
- 6.7 For the purposes of this guidance note, financial investment means investments in government securities, shares and stocks, and in institutions licensed under the Financial Institutions Act, 2005, the Swaziland Building Societies Act, 1962 and Financial Services Regulatory Authority Act, 2010.
- 6.8 A SACCO should not invest in non-earning assets or property and equipment in excess of ten percent of total assets, of which land and buildings shall not exceed five percent (5%) unless a waiver to that effect has been obtained from the FSRA.
- 6.9 A SACCO shall be required to dispose of the investment in property acquired for the purpose of future expansion, if the property remains unutilized for two years from the date of acquisition and an extension shall only be granted with approval from FSRA.
- 6.10 A SACCO shall not make financial investments in non-government securities in excess of forty percent (40%) of its core capital or five percent (5%) of its total savings and deposits liabilities.
- 6.11 The Board and Management of a SACCO shall submit to FSRA, in the following month after the end of the calendar quarter, an Investment Report for the preceding quarter.
- 6.12 The Board and Management of a SACCO shall as of 31st March, 30th June, 30th September and 31st December of each year submit to FSRA an Investment Report in the prescribed format, on FORM 3C in Appendix1.

VI. Summary of Reports Required

Name of Report	Description	Template	Due Date
Statement of Financial Position	Statement of financial position also referred to as a Balance Sheet, reports on a SACCO's assets, liabilities, and ownership equity at a given point in time.	Form 1A	End of every quarter (to be received on or before the end of the following month)
Statement of Comprehensive Income	A report that shows financial income and expenses for the reporting period.	Form 1B	End of every quarter (to be received on or before the end of the following month)
Capital Adequacy Report	The capital adequacy report shows the balance of the capital account, the balance of non-balance sheet assets, and compares the core capital to the on-balance sheet assets to calculate capital ratios.	Form 2A	End of every quarter (to be received on or before the end of the following month)
Liquidity Report	This report shows the balance of the SACCO's liquid assets as well as the balance of the SACCO's liquid liabilities.	Form 2B	End of every month (to be received by the 15 th day of the following month)
Risk Classification of Assets and Provisioning Report	This report reveals the number and value of loans within each risk classification, including the required provision amount for those accounts.	Form 3A	End of every quarter (to be received on or before the end of the following month)
Investments Report	This report compares land, buildings, and financial assets to the SACCO's total assets and its core capital.	Form 3C	End of every quarter (to be received on or before the end of the following month)

Appendix 1

Form A: Application Form for a License

1. Name of a SACCO: í ..

2. Type of SACCO applied for, tick one

Employee SACCO*

Community SACCO

Nation Wide SACCO

Other, Specify í .

*If Employee SACCO, state the name of Employer: í í í í í í í í í í í í í í í í

3. Physical Address of SACCO Head Office:

í ...

í ...

4. Postal Address: í

í í

í í

5. Telephone Number: í ..

í ...

í ...

6. Fax Number: í

í ...

í ...

7. Email Address: í .

í ..

í ..

Designationí .
Date of Appointmentí ..

o) Nameí ...
Designationí .
Date of Appointmentí ..

13. Provide the following for each of the SACCOs Senior Management Officers:-

a) Nameí
Designationí ...
Date of Appointmentí .

b) Nameí
Designationí ...
Date of Appointmentí .

c) Nameí
Designationí ...
Date of Appointmentí .

d) Nameí
Designationí ...
Date of Appointmentí .

e) Nameí
Designationí ...
Date of Appointmentí .

14. BORROWINGS: Provide details of the following:

Name of lending institutioní ...
Type of facilityí ..
Date of offerí ..
Terms of offerí ...
Security offeredí .

Value of security í ...
 Current Outstanding balance í .

15. Bankers: Provide details of the following:

Name of Banker	Address	Details of Banking

16. Investment Managers: Provide details of the following:

Name of Investment Manager	Address	Details of Investment

17. Auditors: Provide details of the following;

Name of current Auditors í .

Date of Appointment í .

18. Has the SACCO been put under receivership in the past or made any compromise or arrangement with its creditors in the past or otherwise failed to satisfy creditors in full?

Yes

No

If yes, give

particulars í ..

í ..

19. Is an inspector or other authorized officer of any government ministry, department or agency, professional association or other regulatory body investigating or has such an investigation ever previously taken into the affairs of the SACCO?

Form B: Board and Senior Management Information Declaration Form

- 1. SACCO Name:í ..
- 2. Designation in the SACCOí ...
- 3. Committee Structure, if Board memberí ...

4. Personal Information

- a) Surname.....
- b) Other Names.....
- c) Previous Names (if any) by which you have been known: í í í í í í í í í í í í
.....
- d) Year and Place of birth: í
.....
- e) Personal Identification Numberí ..
- f) Postal Address:
- g) Previous Postal Addresses (if any).....
- h) Physical Address.....
- i) Educational Qualification(s) and year obtained:

í ...
í ...
í ...
í ...
í ...
í ...
í ...

f) **Shareholding (Directly Owed Or through Nominees):** Provide details of the following:

Name of Company or SACCO	Amount of shareholding

g) **Directorship:** Provide details of the following:

Name of SACCO Company	Executive or non-executive	Position held in the case of an Executive

h) **Professional Bodies:** Provide details of the following:

Name of body	Member no	Position

10.4 Have you ever been declared bankrupt by a court or has a bankruptcy petition ever been served on you?

If so, give particulars í ..

í í

í í

í í

10.5 Have you ever been held liable by a court, for any fraud or other misconduct?.....

If so, give particulars í ..

í í

í í

í í

10.6 Are you presently, or do you, other than in a professional capacity, expect to be engaged in any litigation in any country?í í í í í í í .

If so, give particulars í ..

í í

í í

10.7 Indicate the names, addresses, telephone numbers and positions of three individuals of good standing who would be able to provide a reference on your personal and professional integrity. The referees must not be related to you, and should have known you for at least five years.

i) .í í í í í í í í í íí

.í í í í í í í í í íí

ii) .í í í í í í í í í íí

.í í í í í í í í í íí

iii) .í í í í í í í í í íí

.í í í í í í í í í íí

10.8 Is there any additional information, which you consider relevant for the consideration of your suitability or otherwise for the position(s) held / to be held?

If so, give particulars:

í .
í .
í .
í .

NOTE: The information given in response to this questionnaire shall be kept confidential by FSRA, except in cases provided for by law. The omission of material facts may represent the provision of misleading information.

DECLARATION

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to the application of which the SACCO Regulatory Authority should be aware.

I undertake to inform the FSRA of any changes material to the applications, which may arise while the application is under consideration. Further, I confirm that I have agreed to fulfil the responsibilities related to this position.

Name í í í í í í í í í í í í **Signature** í í í í í í í í í í í í í í í í í í ..

Signed at í í í í í í í .. **this** í í í .. **í í í í** .**Day of** í í í í í .., **20** í í í í í í í

WITNESSED BEFORE ME:

Witness Name: í í í í í í í **Signature** í í í í í í í **Date** í í í í í í í ...

COMMISSIONER OF OATHS

Name: í í í í í í í í í í **Signature** **Date** í í í í í í í

Address:

í
.....
.....
.....

APPENDIX 2

Form1A: Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	
	NAME OF SACCO:
	FINANCIAL YEAR END:
	START DATE:
	END DATE:

S/N	ASSETS	Current Quarter	Last Year Corresponding Quarter	Previous Quarter
		SZL'000	SZL'000	SZL'000
1.0	Cash and Cash Equivalent			
1.1	Cash in hand			
1.2	Cash at bank (with financial institutions)			
2.0	Prepayments			
3.0	Financial Investments			
3.1	Government Securities			
3.2	Other securities			
3.3	Balances with other SACCOs			
3.4	Investment in companies			
4.0	Net Loan Portfolio			
4.1	Gross Loan Portfolio			
4.2	Less: Provision for Loan Loss			
5.0	Accounts Receivables			
5.1	Tax Recoverable			
5.2	Deferred Tax Assets			
5.3	Retirement Benefit Assets			
5.4	Other Accounts Receivables			
6.0	Property & Equipment & Other assets			
6.1	Investment Properties			
6.2	Property & Equipment			
6.3	Prepaid Lease rentals			

6.4	Intangible Assets			
6.5	Other Assets			
7.0	Total Assets			
LIABILITIES				
8.0	Total Deposit Liabilities			
8.1	Savings			
7.2	Term Deposits			
9.0	Other Liabilities			
9.1	Accounts payable			
9.2	Tax payable			
9.3	Dividends payable			
9.4	Deferred Tax Liability			
9.5	Retirement Funds Liability			
9.6	Other Liabilities			
9.7	External Borrowings			
10.0	Total Short-Term Liabilities			
11.0	Long-Term Liabilities			
11.1	Redeemable Shares-Capital			
11.2	Other Long-term liabilities			
12.0	Total Long-Term Liability			
13.0	Total Liabilities			
EQUITY				
14.0	Capital			
14.1	Permanent and Non-withdrawal shares			
14.2	Capital Grants and Donations			
15.0	Retained Earnings			
15.1	Prior Years Retained Earnings			
15.2	Current Year's Surpluses/Losses			

16.0	Other Equity Accounts			
16.1	Statutory Reserves			
16.2	Other Reserves (provide notes)			
16.3	Revaluation Reserves			
16.4	Proposed Dividends			
16.5	Adjustment to Equity			
17.0	Total Equity			
18.0	Total Liabilities and Equity			

***Quarterly Report to be received on or before the end of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í í í . Signí í í í í í í í Dateí í í í í í ..
Name of Principal Officer

í í í í í í í í í í í í í í í í í Signí í í í í í í í Dateí í í í í í .
Name of Treasurer

Form 1B: Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	
NAME OF SACCO:	
FINANCIAL YEAR END:	
START DATE:	
END DATE:	

S/N	DETAILS	Current Quarter	Last Year Corresponding Quarter	Previous Quarter
		SZL'000	SZL'000	SZL'000
1.0	Financial Income			
1.1	Financial income from Loans Portfolio			
1.1.1	Interest on Loan Portfolio			
1.1.2	Fees & Commission on Loan Portfolio			
1.2	Financial Income from Investments in:			
1.2.1	Income from Government Securities			
1.2.2	Income from Deposits with Banks and other FIs			
1.2.3	Income from other Investments			
1.3	Other Financial Income			
2.0	Financial Expense			
2.1	Interest expense on Savings and Deposits			
2.2	Cost of External Borrowings			
2.3	Dividend Expenses (on member shares)			
2.4	Fees & Commission Expense			
2.5	Other Financial Expenses			
3.0	Net Financial Income/Loss			
4.0	Allowance for Loan Loss			
4.1	Provision expense for Loan Losses			
4.2	Value of loans Recovered			

5.0	Operating Expenses			
5.1	Personnel Expenses			
5.2	Governance Expenses			
5.3	Marketing Expenses			
5.4	Depreciation and Amortisation Charges			
5.5	Administrative Expenses			
6.0	Net Operating Income			
7.0	Net Non-Operating Income/(Expense)			
7.1	Non-Operating income			
7.2	Less: Non-Operating Expense			
8.0	Net Income (Before Donations)			
10.0	Add: Income Donations			
11.0	Net Income/(Loss)			

***Quarterly Report to be received on or before the end of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í í . Signí í í í í í í í Dateí í í í í í ..
Name of Principal Officer

í í í í í í í í í í í í í í í í . Signí í í í í í í í Dateí í í í í í .
Name of Treasurer

Form 2A: Capital Adequacy

CAPITAL ADEQUACY REPORT	
NAME OF SACCO:	
FINANCIAL YEAR END:	
START DATE:	
END DATE:	

1	CAPITAL COMPONENTS	Current Quarter	Last Year's Corresponding Quarter	Previous Quarter
1.1	CORE CAPITAL	SZL '000	SZL '000	SZL '000
1.1.1	Share Capital			
1.1.2	Statutory Reserves			
1.1.3	Retained Earnings/Accumulated losses			
1.1.4	Net surplus , current year to date			
1.1.5	Capital Grants			
1.1.6	General Reserves			
1.1.7	Sub-Total (1.1.1 to 1.1.6)			
LESS DEDUCTIONS				
1.1.8	Investments in Subsidiary and Equity Instruments of Other Institutions			
1.1.9	Revaluation Reserves			
1.1.10	Current Year Net Loss (100%)			
1.1.11	Other Deductions			
1.1.12	TOTAL DEDUCTIONS(1.1.8 to 1.1.11)	-	-	-
1.1.13	CORE CAPITAL (1.1.7 less 1.1.11)	-	-	-
1.1.14	INSTITUTIONAL CAPITAL (1.1.11 Less 1.1.1)	-	-	-

2	ON BALANCE SHEET ASSETS			
2.1	Cash			
2.2	Government Securities			
2.3	Deposits and Balance at Other Institutions			
2.4	Loans and Advances (net of provision)			
2.5	Investments			
2.6	Property and Equipment (net of acc. depreciation)			
2.7	Other Assets			
2.8	TOTAL (2.1 to 2.7)			
2.9	TOTAL ASSETS (As per Balance Sheet)			
2.1	DIFFERENCE			
3	OFF-BALANCE SHEET ASSETS			
3.1				
3.2				
3.3				
3.4				
3.5	TOTAL-OFF BALANCE SHEET ASSETS	-	-	-
4	CAPITAL RATIO CALCULATIONS			
4.1	Total Assets of on-balance sheet items as per 2.8 above			
4.2	Total Asset value of off-balance sheet items as per 3 above			
4.3	Total Assets (4.1+ 4.2)			
4.4	Total Savings and Deposits Liabilities (As per Balance Sheet)			
4.5	Core Capital to Assets Ratio (1.1.14/4.3)%			
4.6	Minimum Core Capital to Asset Ratio requirement	10.00%	10.00%	10.00%
4.7	Excess (deficiency) (4.5 less 4.6)			
4.8	Institutional Capital to Asset Ratio (1.1.15/4.3) %			

4.9	Minimum Institutional to Asset Ratio requirement	8.00%	8.00%	8.00%
4.1	Excess (Deficiency) (4.8 less 4.9)			
4.11	Core Capital to Savings and Deposits ratio (1.1.14/4.4)%			
4.12	Minimum Core Capital to Savings and Deposit requirement	8.00%	8.00%	8.00%
4.13	Excess/(Deficiency) (4.11 less 4.12)			

***Quarterly Report to be received on or before the end of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

_____. Signí _____ Dateí _____
Name of Principal Officer

_____. Signí _____ Dateí _____
Name of Treasurer

Form 2B: Liquidity Statement

LIQUIDITY STATEMENT					
NAME OF SACCO					
FINANCIAL YEAR END:					
START DATE:					
END DATE:					
		WEEK 1 (SZL'000)	WEEK 2 (SZL'000)	WEEK 3 (SZL'000)	WEEK 4 (SZL'000)
1.0	Notes and Coins				
1.1	Local Notes and Coins (Cash in hand)				
2.0	Balances with Commercial banks				
2.1	Balances with Commercial banks				
	Less:				
2.2	Time Deposits with banks more 91 days				
2.3	Balances due to banks				
3.0	Other Liquid Assets				
3.1	Balances with other financial Institutions				
3.2	Short-term investment with other financial institutions				
4.0	Government Securities				
4.1	Treasury Bills				
5.0	TOTAL LIQUID ASSETS				
	LESS:				
5.1	Balances due to other financial Institutions				
5.2	Liabilities due in 30 days				
5.3	NET LIQUID ASSETS				
6.0	SAVINGS/DEPOSITS AND REDEEMABLE SHARES BALANCES				
6.1	Savings and Deposits from members including interest				
6.2	Deposits from all other sources including interest				
6.3	Redeemable shares				
6.4	Total deposits and redeemable shares				

7.0	LIQUIDITY RATIO				
7.1	Net Liquid Assets (5.3)				
7.2	Total Deposits and Redeemable Shares				
7.3	Ratio of (7.1/7.2)%				
7.4	Minimum Holding of Liquid Assets Requirement	15%	15%	15%	15%
7.5	Excess/Deficit (7.3 less 7.4)				

***Monthly Report to be received on or before the 15th of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í í
Name of Principal Officer

Signí í í í í í í í í

Dateí í í í

í í í í í í í í í í í í í í í í
Name of Treasurer

Signí í í í í í í í í

Dateí í í í

Form 3A: Risk Classification of Assets and Provisioning

LOANS CLASSIFICATION OF ASSETS AND PROVISIONING	
NAME OF SACCO:	
FINANCIAL YEAR END:	
START DATE:	
END DATE:	

PORTFOLIO AGEING REPORT					
		A	B	C	D
NO.	CLASSIFICATION	No. of A/Cs	Outstanding Loan Portfolio(SZL)	Required Provision	Required Provision Amount (SZL)
1	Performing			0.01	
2	Watch			0.05	
3	Substandard			0.25	
4	Doubtful			0.50	
5	Loss			1.00	
Subtotal					
NO.	Reschedule/ Renegotiated loans	No. of A/Cs	Outstanding Loan Portfolio(SZL)	Required Provision	Required Provision Amount (SZL)
1	Performing			0.01	
2	Watch			0.05	
3	Substandard			0.25	
4	Doubtful			0.50	
5	Loss			1.00	
Subtotal					
GRAND TOTAL					

***Quarterly Report to be received on or before the end of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í
Name of Principal Officer

Signí í í í í í í í

Dateí í í í

í í í í í í í í í í í í í í í
Name of Treasurer

Signí í í í í í í í

Dateí í í í

Form 3C: Investments

INVESTMENT REPORT		
NAME OF SACCO		
FINANCIAL YEAR END:		
START DATE:		
END DATE:		
Ref. No.		Amount (SZL)
1.1	Core Capital	
1.2	Total Assets	
1.3	Total Savings and Deposits	
1.4	Non-earning Assets(Other than Land, Buildings)	
1.5	Financial Investments	
1.6	Land & Building (Per balance sheet)	
2.0	Land & Buildings to total Assets ratio (1.6/1.2)%	
2.1	Maximum Land & Building to Total Asset requirement	5%
2.2	Excess (deficiency) (2.0 less 2.1)	
3.0	Financial investments to Core capital (1.5/1.1)%	
3.1	Maximum Financial Investments to Core Capital	40%
3.2	Excess (deficiency) (3.0 less 3.1)	
4.0	Financial Investments to Total Deposits Liabilities ratio (1.5/1.3)%	
4.1	Maximum Financial Investments to Total Deposits liabilities Ratio %	5%
4.2	Excess (deficiency) (4.0 less 4.1)	
5.0	Non-earning Assets to Total Assets ratio (1.4/1.2)%	
5.1	Maximum Non-earning Assets to Total Assets ratio %	10%
5.2	Excess (deficiency) (5.0 less 5.1)	

***Quarterly Report to be received on or before the end of the following month**

Authorization:

We declare that this report, to the best of our knowledge and belief is correct

í ..Signí í í í í í í í í í .Dateí í í í í í
Name of Principal Officer

í ..Signí í í í í í í í í í .Dateí í í í í í
Name of Treasurer

Financial Year End Reports

Name of Report	Description	Due Date
Year End Audited Financial Statements with the following components		
Audited statement of financial position	Same as the statement of financial position above, ensuring compliance with international audit standards.	
Audited statement of comprehensive income	Same as the statement of comprehensive income above, ensuring compliance with international audit standards.	
Statement of director's responsibility	A statement that declares that the Board of Directors are assuming responsibility for the accuracy and fairness of the submitted annual financial statements.	
Auditor's opinion	A statement that declares that the Auditor's opinion to be that the submitted statements give a true and fair view of the SACCO's financial ratios.	
Audited Statistical information	A report containing key balance sheet and income statement balances as well as several financial ratios.	
Cash flow statement	A financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities.	Within three months after the end of the financial year
Statement of changes in equity	A financial statement that summarizes the activity in the equity accounts for the period.	
Disclosure of material amount written off	Disclose any material amount written off with a resolution of the general meeting of the SACCO accompanied by satisfactory explanation.	
Other Disclosures	A report describing non-performing loans & advances, insider loans & advances, off-balance sheet items, capital strength, liquidity, and investments.	

APPENDIX 3

Glossary of Terms

Term	Definition
Accounts Payable	Balances of funds owed to suppliers or money owed for goods or services purchased on credit by SACCO
Accounts Receivables	Total amount owed or due to the SACCO excluding members loans
Adjustments to Equity	These are any adjustments to account for subsidised funds.
Administrative Expenses	These include all other operating expenses not included in the previous four categories such as electricity, water, rent, supplies, transportation, security, equipment repair and maintenance, Audit fees, supervisory and recoverable expenses, communications and consulting fees that are necessary for conducting SACCO business. It may also include certain taxes related to administration, such as a value-added tax. These expense categories may be listed as separate line items as appropriate.
Allowance for Loan Loss	This is the value of provision expense for loan losses less value of loans recovered or The net expense amount/ portion of the Gross Loan Portfolio that has been provisioned in anticipation of losses due to default less value of loans recovered.
Assets	Something of value to SACCO that can be used to repay debt
Balances Due to Banks	Deposits or other balances due to commercial banks.
Balances with Commercial Banks	Total amount of balances (overnight, call and time) held at domestic commercial banks excluding un-cleared effects. These balances should include accrued interest.
Balances with other Financial Institutions other than Banks and SACCO	The total of all balances (overnight, call and time) placed by the SACCO with financial institutions (development financial institutions, Asset managers, building societies etc.), excluding un-cleared effects but including accrued interest.
Balances with other SACCO	Enter the total of all balances (overnight, call and time) placed with other SACCOs including accrued interest but excluding un-cleared effects.
Capital	Capital represents net worth and ownership of an enterprise. It can be measured by the excess of assets over liabilities.
Capital Grants (Equity in nature)	These are grants, which are not callable and donations received recognized as equity donations.
Cash & Cash Equivalent	Cash in hand plus Cash at bank
Cash at bank	These include: Placements by the SACCO with banks
Cash in hand	Notes and coins (cash on hand) on the SACCOs premises which are legal tender in Swaziland
Core Capital	The fully paid up members' shares, capital issued, disclosed reserves, retained earnings, grants and donations all of which are not meant to be expended unless on liquidation of the SACC less revaluation reserves, current year net loss, investment in subsidiaries and equity instruments in other financial instruments.

Cost of External Borrowings	Include interest and fees incurred by SACCO on external borrowings and overdrafts.
Current Years' surplus or loss	Disclose the current year's net income (after distribution to statutory reserves and proposed dividends, before donation).
Deferred Tax Assets	These are taxes recoverable in future periods in respect of: <ul style="list-style-type: none"> (i) Deductible temporary difference (ii) The carry forward of unused tax losses (iii) The carry forward of unused tax credits
Deferred Tax Liability	These are taxes payable in future periods in respect of taxable temporary difference.
Deposits from all other sources including interest	Enter total deposits from all other sources, including accrued interest, but excluding un-cleared effects.
Deposits with Banks and other Financial Institutions	Balances with commercial banks, SACCOs and other financial institutions.
Depreciation and Amortisation Charges	These non-cash expenses reduce the value of an asset over time due to wear and tear or obsolescence.
Dividend Expense	Expense incurred on member shares.
Dividend Payable	These dividends have been cleared or approved by a SACCO but not paid to members.
Donations	Value of all donations recognized as revenue during the period, whether restricted or not. (Total of Donations for Loan Capital and Donations for Operating Expenses).
Doubtful Loans	Loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty one (181) to three hundred and sixty (360) days or where seven (7) to twelve (12) instalments have remained outstanding.
Equity	Represents what members own and is measured by the excess of assets over the liabilities. This includes member capital shares, reserves and undivided earnings. Also known as capital
External Borrowings	These include all external borrowings from banks, microfinance and other financial institutions.
Fees and Commissions expense	This includes all charges (fees) and commissions relating to account operations such as bank charges, ledger fees, and cheque and money transfer commissions but excluding interest on overdrafts.
Fees and Commissions on Loan Portfolio	Penalties, commissions, and other fees earned on the loan portfolio.
Financial Expense	Total of interest and fee expense on members savings and deposits and external borrowings.
Financial Income	The total value of all income earned by a SACCO from the provision of financial services. Total of Financial Income from Loan Portfolio, Financial Income from Investments and Other Operating Income.

Financial Income from Investments	Revenue from interest, dividends, and other payments generated by financial assets such as government securities and deposits with banks and other financial institutions. This may include net trading income (gains less losses) from securities and the recovery of any interest revenue that was previously written off.
Financial Income from Loan Portfolio	Income from interest earned on the loan portfolio. This includes not only interest paid in cash but also interest accrued but not paid.
Financial Investments	Any funds that are placed into financial instruments for the purpose of producing income or a profit
General Reserves (Include all loss)	These are reserve provisions to cover other non-performing receivable accounts.
Governance Expenses	These include the cost of travel, per diem, honoraria or meetings for board members, board committee expenses, members' education, Annual general meeting expenses and national or other co-operative representation dues.
Government Securities	These are treasury bills and treasury bonds issued by the Government of Swaziland
Gross Loan Portfolio	These are loans and advances before adjustments for allowance for loan loss.
Gross Non-performing loans and advances	Enter the gross aggregate of substandard, doubtful and loss accounts inclusive of interest suspended.
Income from Government securities	Net interest income earned from Treasury Bills and Bonds issued by the Government of Swaziland
Income from other Investments	These include net interest income earned from any other investments including corporate bond, commercial paper and bearer bonds not covered elsewhere.
Interest income from Deposits with Banks and other Financial Institutions	Net Interest income earned from balances with commercial banks, SACCOs and other financial institutions
Institutional Capital	Institutional Capital comprises of all items in the Core Capital less Share Capital.
Intangible Assets	Include all intangible assets such as computer software etc.
Interest Expense on Savings and Deposits	Interest and fees incurred on all savings and deposits taken by the licensed SACCO Society.
Interest on Loan Portfolio	Interest earned on the loan portfolio.
Investment in Equity Instruments of Other Institutions	This is investments made by a SACCO in equity instruments of other institutions.
Investment Properties	This is as defined in IAS 40 as a property (land or a building or part of a building or both) held by the SACCO Society to earn rentals or for capital appreciation or both.
Investment in Subsidiary	These are investments in a SACCO's subsidiary institutions and other financial institutions.
Investments in companies-shares/stock	Equity investments by the SACCO in companies (public or private) including subsidiaries.
Liabilities	Legal obligation to repay a debt or outstanding legal and financial obligations

Loans and Advances	These refer to facilities advanced to members whether secured or not. These need to be reported net of provisions, which must be computed in accordance with Classification of Assets, and Provisioning Return.
Long-term Liabilities	These are long-term (payable after 12 months) financial and legal obligations.
Loss Loans	Loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty (>360) days or where more than twelve (>12) instalments have remained outstanding.
Marketing Expenses	These include any expense related to marketing or promotion such as advertising, publicity campaigns, etc.
Net Financial Income/Loss	The net value of earnings arising from Financial Income Less Financial Expenses.
Net Income	All net earnings from the SACCO's operations. Total of Net Operating Income and Net Non-Operating Income (Expenses) less Donations.
Net Income (Before Donations)	All net earnings from the SACCO's operations before the inclusion of donations [Total of Net Operating Income and Net Non-Operating Income (Expenses)].
Net Non-Operating Income/(Expenses)	The net earnings from products and services not directly related to core operations of SACCOs derived from the total income less total expenses. SACCOs should disclose large material amounts of non-operating revenue separated by creating accounts under "Non-Operating Income" or "Non-Operating Expense".
Net Operating Income	These are value of earnings from Net Financial Income/loss less Allowances for Loan Losses and less Operating Expenses.
Net Surplus, Current Year to Date	This is current year to date un-audited after tax profits. The SACCO must have made adequate provisions for loan losses, depreciation, amortization and other expenses. In arriving at the applicable figure, any proposed dividends would have been taken into account. This should however exclude reserves arising from revaluation of investment properties and cumulative unrealised gains and losses on financial instruments. In case of a loss, full amount should be included.
Non-Earning Assets	Assets that do not generate income such as receivables, equipment, software, etc.
Non-Operating Expenses	All expenses not directly related to the core SACCO business, such as the cost of providing business development services or training. This account also includes any exceptional losses and expenses. Large or relevant expense categories should be listed as separate line items as appropriate.

Non-operating Income	All income not directly related to core SACCO business, such as revenue from business development services, training, consulting services, sale of merchandise, property leases and others. It also includes any exceptional gains and revenues. Large or relevant non-operating revenue categories should be listed as separate line items as appropriate. Note: This account does not include grants and donations.
Off-Balance Sheet Assets	In this line, indicate computed off-balance sheet assets such as existing guarantees by the SACCOs.
Operating Expense	The total values of all operating expenses which include, Personnel, Governance, Marketing and Administrative Expenses, incurred in providing financial services.
Other Assets	These are other assets, which have not been dealt with in other fields.
Other financial expenses	These are any other financial expenses not specified above arising from normal business operations.
Other Financial Income	All other income from provision of financial services, including transaction fees, premiums, membership fees, passbooks, etc.
Other Liabilities	Include all other liabilities due not specified elsewhere.
Other Reserves	These are all other reserves, which have not been included elsewhere. Such reserves should be permanent, unencumbered, uncollectible and thus able to absorb losses. Further, the reserves should exclude cumulative unrealised gains and losses on available-for-sale instruments.
Other Securities	Commercial papers and bonds.
Performing Loans	Loans, which are performing according to contractual terms.
Permanent Non-Withdraw able shares	Member shares that are redeemable only when the member ceases membership
Personnel Expenses	Includes total staff (permanent and casual) costs such as salaries, wages, uniforms, leave allowance, medical expenses, benefits and bonuses, as well as employment taxes. It also includes the cost of employee recruitment and initial orientation expenses.
Prepaid Lease Rentals	This relates to the cost of the leasehold land and building net of accumulated amortized amount.
Prepayments	These are payments made before they are due or payments in advance
Prior Years' Retained Earnings	These are undistributed profits or losses carried forward over the years. Disclose the retained earnings carried from previous years here.
Property and Equipment	These are assets acquired for use in the operation of the SACCO or for investment purposes, e.g. furniture, computers, freehold and leasehold land and buildings. They should be shown net of accumulated depreciation, amortized cost, or at fair value.
Proposed Dividend	These dividends have been proposed by the Board but have not been ratified by the Annual General Meeting.
Provision expense for Loan Losses	This is the non-cash expense calculated as a percentage of the portfolio report and is used to create or increase the Allowance for Loan Losses on the Balance Sheet.

Provision for Loan Loss	The portion of the Gross Loan Portfolio that has been provisioned in anticipation of losses due to default. It represents the cumulative value of the impairment losses less the cumulative value of loans written off.
Redeemable share-capital	Value of share capital that can be redeemed or bought back by a SACCO after a certain period or on fixed date
Rescheduled/Renegotiated loans	Loans whose original terms have been varied through refinancing or restructuring, etc.
Retained Earnings/Accumulated Losses	These are reserves retained from earnings or accumulated losses from the profits/losses of prior years. They should however exclude reserves arising from revaluation of investment properties and cumulative unrealised gains and losses on financial instruments.
Retirement Benefit Assets	These are staff retirement benefit assets computed as per IAS 19.
Retirement Benefits Liability	These are retirement benefits liability as accounted for under IAS 19.
Revaluation Reserve	These are revaluation surpluses/losses arising from revaluation of properties, equipment and financial instruments.
Savings Deposits	Deposits received from members that may be used as collateral against borrowings by the members and are refundable only when the member ceases membership
Share Capital	This is the value issued and fully paid members shares.
Short-term investments	The total of all balances placed by the SACCO with financial institutions (Asset managers, etc.), for the purpose of earning income or a profit including accrued interest
Short-term Liabilities	These are short-term (payable within 12 months) financial and legal obligations.
Statutory Reserves	These accumulated reserves have been appropriated from net surplus (revenue reserves) over the years.
Substandard Loans	Loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty one (31) to one eighty (180) days or where two (2) to six (6) instalments have remained outstanding.
Tax Payable	This relates to tax liability computed but not paid.
Tax Recoverable	This is tax that is recoverable as a result of overpayment of tax in the previous periods
Term Deposits (e.g. Fixed deposits, special savings)	Deposits mobilized from members that the SACCO is liable to pay on a fixed date.
Time Deposits with Banks more than 90 days	Bank deposits including accrued interest whose maturities exceed 91 days
Total Deposits Liabilities	Total members' deposit figure as reported in the Balance Sheet for the period should be indicated in this line.
Treasury Bills	The amortised cost of all Swazi Government Treasury Bills investments, net of encumbered Treasury Bills. Encumbered Treasury Bills are those pledged to secure any form of credit facility granted to the reporting SACCO.

Treasury Bonds	The amortized cost or fair value of all treasury bonds/bearer bonds traded in the Swaziland Stock Exchange acquired by the reporting SACCO directly from the government and its issuing agents and those discounted from third parties.
Value of Loans Recovered	Total value of principal recovered on all loans previously written off. This includes principal on partially recovered loans and those recovered in full. Subsequent recoveries of loans previously written off decrease the amount of the Provision for Loan Losses, and the net amount is booked as Allowance for Loan Losses.
Watch Loans	Loans whose principal or interest has remained un-paid for one day to thirty days or where one instalment is outstanding.

NOTE:

All inquiries regarding the content of this document should be directed to FSRA by email at ncamiso@fsra.co.sz or by telephone at (+268) 2406-8000.