

**MINUTES OF THE 34TH ANNUAL GENERAL MEETING OF KENTOURS SACCO SOCIETY LTD
HELD ON 17TH MARCH 2018 AT TIN TIN RESTAURANT (KICC) NIAROB**

BOARD MEMBERS

Joseph Kagema (Chairman), Betty Omolo - Ouko (Vice-Chair), Lilian Weru (Treasurer), Edwin Omondi (Hon. Secretary), Benjamin Ngunga (Member), Juliana Wambua - Kalu (Member), John Nganga (Member) and Fred Owuor (Member)

SUPERVISORY COMMITTEE MEMBERS

Zedekiah Ongoma (Chairman), Constance Mwangeli (Secretary) and Joseph Karu (Member)

STAFF

Susan Chege (CEO), Maurice Kiruja (Deputy CEO), Tabitha Mugo, Geoffrey Moenga, Doreen Achieng, Wilson Ong'ele, Moses Ndegwa, Brian Kiplagat, John Kariuki and George Chege

UNIT REPRESENTATIVES PRESENT

Recorded number from Outside Nairobi **36** Members

Recorded number from Within Nairobi **15** Members

MEMBERS PRESENT

Recorded number of Members who attended **195**

AUDITORS – Mbaya & Associates

1. Titus Ong'iro Marago
2. Douglas Muhati Likaya
3. Andrew Bulemi
4. Winnie Kibos

REPRESENTATIVES FROM COUNTY CO-OPERATIVES OFFICE

Dagoretti Sub- County

1. Ms. Dolphine Aremo
2. Ms. Rosaline Mwithiga
3. Ms. Dorothy Ouma

AGENDA

1. Read the Notice convening the meeting.
2. Confirmation of Minutes of the last AGM and matters arising there from.
3. Receive the Chairman's Report.
4. Presentation of the Supervisory Committee Report.
5. Receive and consider the Accounts for the year ended 31st December 2016 and the Auditors' report for the same period.
6. Approve payment of Dividends and Honoraria for the year 2016.
7. Presentation and approval of the Budget for the year 2018.
8. Appointment of the Auditors for the year 2017.
9. Elections to fill vacant Committee positions.
10. A.O.B. for which Notice has been given

The Chairman called the meeting to order at 10:05am and thereafter opening word of prayer by Samuel Njoroge Chege. He then made brief introductions of the Board Members, Supervisory Committee Members, the Staff and all other distinguished guests present. After the introductions the Chairman called Hon. Secretary Edwin Omondi to read the Notice convening the meeting.

Minute 1/ AGM 34/17/03/2018: CONFIRMATION OF THE PREVIOUS AGM MINUTES

Minutes of the 33rd AGM were read to the members and they were confirmed as true record of the proceedings as follows: -

- Proposed by: - **Vera Lutta (Mahali Mzuri)**
- Seconded by: - **Daniel Mpararia (Game Watchers Safaris)**

Matters arising from the previous minutes

There were no matters arising from the previous minutes.

Minute 2/ AGM 34/17/03/2018: CHAIRMAN'S REPORT

The Chairman welcomed to the AGM all Members, invited guests, the Board, Supervisory and Kentours staff. He then proceeded to read his report to the Members.

The Chairman's report mainly highlighted on the following matters among other things:

- 1) Economic and Political environment and how they impacted on the overall Sacco performance
- 2) Strategic plan 2016-2020 and achievements so far realized within its first year of implementation.
- 3) Bylaws amended and approved in the previous AGM
- 4) Member Education Sessions and the Successes/challenges experienced
- 5) Next of kin cards and the need for members to continuously update them
- 6) Sacco lending terms previously adjusted and the Sacco intention to retain the adjustments despite the Government's plan to remove the interest rates capping
- 7) Member returns – Dividends on Share capital and Interest on share deposits proposed for payment.
- 8) Various Developments touching on Telephone system upgrade, New Software acquisition plan, Mobile loan pilot project.
- 9) Defaulters menace

- 10) The Sacco Magazine and its importance to the readers. Special thanks to our business partners who sponsored its publication.
- 11) Policy matters – Maximum borrowing proposed at **Kshs. 36M**
- 12) Revised Budget 2018 and Budget 2019
- 13) Corporate Governance – The importance of its three pillars to Board and Management staff. Elections of Board and Supervisory members on rotation

In his closing remarks the Chairman was grateful to God for seeing us through the year and to the Board, Supervisory, Unit representatives and Kentours staff for their continuous support in running the affairs of the Sacco.

The report was then adopted as follows: -

- Proposed by: - **Justus Ondimu (Abercrombie & Kent Nairobi)**
- Seconded by: - **Zaddock Sianzwi (Atua Enkop)**

Members Comments /Queries to the Chairman’s Report

- 1) **Member-Titus Mutua (DusitD2 Nairobi)** wanted more clarification on the M-Jisort loan product.

Board’s Response: - This was a money lending application owned by Inukapap Limited and operated on a Safaricom platform. The Sacco had entered into a contract with Inukapap to provide this service to its members. Its practicability and viability was however still on a test run involving selected Sacco Members. It will then be rolled out to all Sacco members once the test is successful. The office is able to monitor the movement of the funds invested with Inukapap for this project.

AGM RESOLUTIONS FROM THE CHAIRMAN’S REPORT

Members approved the Maximum Borrowing power to **36M** follows: -

- Proposed by: - **Joseph Sifuma (Olarro Lodge)**
- Seconded by: - **Philip Makau (Abercrombie & Kent Nairobi)**

Minute 3/ AGM 34/17/03/2018: SUPERVISORY COMMITTEE REPORT

Supervisory Committee report was presented by Joseph Karu. The Supervisory Committee commended Sacco members for their continuous patronage of Sacco products, Kentours staff for their diligent watch over the management of Sacco resources and the Board Members for their overall policy direction to the Sacco.

The Supervisory report mainly highlighted on the following matters among other things:

- 1) The overall performance: - The Sacco continued to post impressive results despite the challenges of uncertainties and shaky economic environment that year which arose from the drawn out electioneering activities.
- 2) Membership growth: - Recorded 550 new entrants in the year in comparison to 384 previous year.
- 3) Investments: - Overall Invested funds by Kshs. 236.4M from Kshs. 182.7M recorded previous year.
- 4) Members’ loans: - There was a 9.73 % decrease in loans granted in comparison to the previous year. 25.4 % of Members had no loans taken.

- 5) Members Deposits: - This continued to grow every year indicating the level of Members confidence in the management of their savings.
- 6) Bank reconciliations: - Bank reconciliations for the year in review were up to date and in compliance with IFRS standards. Unidentified bank deposits decreased from Kshs. 1.02 M previous year to stand at Kshs.916, 327 at close of the year 2017.
- 7) Risk diversifications: - Other forms of collateral introduced previous year was yet to register desired effect as alternative loan securities due to few number of membership being in position to utilize them. The default cases continued to increase. Defaulted loans not yet transferred to guarantors as at 31st Dec 2017 stood at Kshs. 25.6 compared to Kshs. 12.5m as at 31st December 2016.
- 8) Uncollected dividends /Interests: - Amounts stood at Kshs 1,779,049 and Kshs. 218,052 respectively, compared to 1,946,897 and Kshs 1,331,670 respectively the previous year. These amounts risk being sent to the Unclaimed Assets Authority as by law required.

In their closing remarks Supervisory Committee appreciated the support from Members, Board and staff during the year and reaffirmed their commitment to the service of the Sacco members.

The report was then adopted as follows: -

- Proposed by: - **Caroline Wanjohi (Atua Enkop)**
- Seconded by: - **Bernard Mwangi (Abercrombie & Kent Nairobi)**

Members Comments /Queries to the Supervisory Report

- 1) **Member: - Clifton Ochodo (Seiya Limited)** observed that from their Employer unit only 6 % of the staff were registered as Sacco members. He advised that the Sacco find effective way to engage with the employers from different units to assist recruit their staff to the Sacco so as to boost the membership.

Minute 4/ AGM 34/17/03/2018: PRESENTATIONS

A) KENTOURS HOUSING

The presentation was done by Anderson Kariuki who elaborated on the Housing activities, its current projects and registration requirements to become a member.

Members Comments /Queries on Kentours Housing Presentation

- 1) **Member: - Elijah Karaso (Eka Hotel)** requested the society to consider giving buyers to their plots a longer repayment period of between 24 months to 48 months. He noted that the current installment options were too short to enable them plan and mobilize funds towards the purchase of these plots.

Response: - The Society acknowledged that this was a genuine concern having been raised before. Mr. Kariuki pointed out that the longest repayment period was currently one year. This was complicated further by the IFRS rule that currently states that any debt not recovered or paid back by close of the year be declared as bad debt and be provided for. This in effect impacts negatively on the year end results.

B) AWARDS

The following Awards & Certificates were presented in recognition of Units and individuals performance during the year 2017;

Trophies (Units)

- a. Best performing unit in membership 2017 -**Elewana Collection (233 members)**
- b. Most supportive unit in remittance - **Southern Sun Mayfair Nairobi**
- c. 2nd Best supportive unit in remittance – **Abercrombie & Kent Nairobi**
- d. Most improved in membership growth – **Elewana Collection**
- e. Most improved unit in remittance – **Four Point by Sheraton Hurlingham**
- f. Best unit in patronizing of Sacco products – **Crowne Plaza Hotel**
- g. 2nd best unit in patronizing of Sacco products – **Southern Sun Mayfair Nairobi**
- h. Most efficient unit in Remittance Payment 2017 – **East African Eagle**

ii. Awards (Individuals)

- a. Highest Saver 2017 – **Humphrey Kimani (Union Express)**
- b. Second Highest Saver 2017 – **Reuben Makau (Abercrombie & Kent Nairobi)**
- c. Best Knowledgeable Member of Sacco Products 2017 – **Gerald Mugera (Double Tree by Hilton Nairobi)**

Minute 5/ AGM 34/17/03/2018: RECEIVE AND CONSIDER THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2017 AND THE AUDITORS REPORT FOR THE SAME

The Financial Statements were presented to the meeting by the Auditor, Douglas Muhati Likaya for Mbaya & Associates.

The Financial Statements were then adopted as follows: -

- Proposed by: **Mary Muteti (Kenya Postel Directories)**
- Seconded by: **Bwibo Mangalia (Individual Member)**

Members Comments /Queries on the Financial Statements

- 1) **Member: Philip Muchiri (&Beyond)** observed that the movement in the value of unquoted equities had been erratic over the years. He sought clarification on whether the gains and losses on valuation could be recognized in a revaluation reserve account as opposed to the Statement of Comprehensive Statement.

Response: -Titus Marago (Mbaya & Associates) advised that the revaluation reserve should only record changes in values of capital items.

Minute 6/ AGM 34/17/03/2018: APPROVAL AND DISPOSAL OF SURPLUS FUNDS FOR THE YEAR 2017

Approval was sought from members to pay a dividend rate of 10.80% on Share Capital and 8.80% interest rate on share deposits and honoraria as per the prevailing policy.

The approvals of disposal of surplus funds were granted as follows: -

- Proposed by: **Sallie Khavere (Southern Sun Mayfair Nairobi)**
- Seconded by: **Kenneth Mugira (Mara Leisure Camp)**

Minute 7/ AGM 34/17/03/2018: PRESENTATION AND APPROVAL OF THE REVISED BUDGET 2018 AND BUDGET FOR YEAR 2019

Members were taken through the revised budget for the year 2018 and the proposed budget for year 2019 by the Treasurer Lilian Weru.

Members Comments /Queries before approval and the Board's Response

- 1) **Member: Evans Tole (Abercrombie & Kent Coast)** questioned the high budget for consultancy fees.
Response: The Treasurer advised that the Sacco was planning to engage consultants on a need basis with an aim of addressing the current and emerging developments and challenges in the operating environment.
- 2) **Member: Francis Omondi (Loisaba Oryx)** wanted to know why the Sacco was making a provision for doubtful loans yet all the loans are secured/guaranteed.
Response: The Treasurer advised that most members' total guarantees exceeded their own deposits. From past experiences and based on best industry practices, it was prudent to make the provision.
- 3) **Member: Peterson Njoka (Micato Safaris)** noted that a number of capital items budgeted for in the year 2017 had not been purchased and were again budgeted for in the 2018 and asked whether it was necessary to budget for them in the first place.
Response: The Treasurer explained that the Sacco's budget is based on the expectations for the year. However, expenditure is only incurred when it is unavoidable. She further clarified that the purchase of most of the items in question was tied to the on-going implementation of a new software.
- 4) **Member: Philip Muchiri (& Beyond)** enquired whether the budgeted amount of the server was net of the disposal values of the current servers.
Response: The Treasurer clarified that the budgeted items were not net of disposal values. However, any gains or losses when a disposal takes place are recorded in the Statement of Comprehensive Income.
- 5) **Member: Wilson Pere (Game Watchers Safaris)** sought clarification on the basis for increase in provision for staff pension and NSSF.
Response: The Treasurer informed the member that staff pension and NSSF are based on rates applicable per policies and laws and that the increase was mostly to cater for two additional staff members expected to be recruited during the year.
- 6) **Member: James Nairuko (Maniago Travel)** wanted to know how often Board members meet.
Response: The Treasurer responded that the Board and its various sub-committees meet once a month. However, meetings can be rescheduled on a need basis.
- 7) **Member: James Kosencha (Mara Conservancy)** felt that members' education expenses were too high.
Response: The Treasurer advised that the expenses were justified and included travelling and accommodation expenses for Kentours Sacco personnel while on members' education activities.

The Budgets were approved as follows: -

- Proposed by: **Evans Tole (Abercrombie & Kent Coast)**
- Seconded by: **Sallie Khavere (Southern Sun Mayfair Nairobi)**

Minute 8/ AGM 34/18/03/2018: APPOINTMENT OF THE AUDITORS FOR THE YEAR 2018

The chairman sought approval for appointment of Auditors, Mbaya & Associates as the Auditors for year 2018 being a second term.

The approval was proposed by **Alpha Moon (Flamingo Hill Camp)** and seconded by **James ole Nairuko (Maniago Travel)**.

Minute 9/ AGM 34/17/03/2018: ELECTION TO FILL VACANT BOARD AND SUPERVISORY COMMITTEE POSITIONS

Address by the County Cooperative Officer

The Chairman introduced the County director Ms. Dolphine Aremo and ministry officer Ms. Mwithiga to the meeting. The director commended members for attending the AGM but expressed concern that unlike the previous AGM she had attended, the attendance was low. She however noted that the meeting was more orderly than the previous and urged members to continue giving the Board support so that it is able to serve members well. She also noted that the previous AGM ended very late in the day and challenged the Board to manage AGM program to take shorter time which would in turn encourage members who arrive late, to come on time if they arrived to find the meeting ended. She said in general the Sacco's performance was commendable given the economic conditions it operated within, in the period under review.

Ms. Aremo further encouraged members to build their savings in the Sacco and gave examples of savers in the co-operative movement that earn dividends in excess of 10 million saying it is evident that cooperatives are competitive and giving good returns.

She asked to be allowed to leave for a similar function while Ms. Mwithiga conducted the elections.

Board Positions.

As per the Ministry rule, a third of Board members are supposed to retire every year. Benjamin Ngunga, Joseph Kagema and Elisha Katam were due to retire on rotational basis and Joseph had offered himself for re-election.

Ms. Mwithiga explained that the Sacco had sent out circular inviting interested members to vie for Board and Supervisory committee membership. Three applications for board membership were received from Joseph Kagema, Zedekiah Ongoma and Phillip Muchiri and successfully gone through the vetting process and cleared to vie.

The seats were then declared vacant and the three applicants unopposed. They were proposed and seconded as follows;

- 1) **Joseph Kagema** proposed by **Peter Kariuki (Sasaab Lodge)** and seconded by **Lmeei Lekashira (Solio Lodge)**
- 2) **Zedekiah Ongoma** proposed by **Sallie Khavere (Southern Sun Mayfair Nairobi)** and seconded by **Francis Omondi**
- 3) **Phillip Muchiri** proposed by **Stephen Muyale** and seconded by **Isaac Kimeu (Kichwa Tembo Camp)**

Supervisory Committee Position.

One member of the Supervisory Committee Zedekiah Ongoma was retiring on rotational basis and did not offer himself for re-election.

Felix Tanga had applied for the position and successfully gone through the vetting process and cleared to vie.

The seat was declared vacant and Ms Mwithiga asked for a proposer and seconder for the candidate. **Sallie Khavere (Southern Sun Mayfair Nairobi)** proposed and was seconded by **Zadock Sianzwi (Atua Enkop)**.

Minute 10/ AGM 34/17/03/2018: AOB FOR WHICH NOTICE HAD BEEN GIVEN

There being no other business for which notice had been given, a vote of thanks was offered by Juliana Wambua - Kalu

The closing prayers were led by Samuel Njoroge Chege

The Meeting ended at 2.20 pm.

Signed: Chairman.....
Joseph Kagema

Hon. Secretary.....
Edwin Omondi