

**MINUTES OF THE MAKTABA SACCO SOCIETY'S 42<sup>ND</sup> ANNUAL GENERAL MEETING (AGM) HELD ON 5<sup>TH</sup> APRIL, 2019 AT THE KENYA BANKERS SACCO CENTRE, NGONG ROAD 3<sup>RD</sup> AVENUE, AT 10:00 AM**

**Present**

- |                      |                                     |
|----------------------|-------------------------------------|
| 1. John K Sigei      | - Chairman                          |
| 2. Sarah A Otieno    | - CMC Member                        |
| 3. Patrick J Mumbo   | - CMC Member                        |
| 4. Gilbert O Omwoyo  | - CMC Member                        |
| 5. Francis Njoroge   | - CMC Member                        |
| 6. Victoria J Murgor | - CMC Member                        |
| 7. Rose J Ronoh      | - CMC Member                        |
| 8. Grace A Mbeke     | - Supervisory Committee Chairperson |
| 9. William M Mbila   | - Supervisory Committee Member      |
| 10. Elias I Kamwere  | - Secretary-Recording               |

**In attendance**

- |                                      |  |
|--------------------------------------|--|
| 1. Geoffrey Kurgat                   | - Sacco Manager                              |
| 2. Gabriel N Njoka                   | - Sacco Staff                                |
| 3. Gladys Lusweti                    | - Sacco Staff                                |
| 4. Mary N Wainaina                   | - Sacco Staff                                |
| 5. Edward Amayo                      | - Sacco Staff                                |
| 6. Mrs. Lucy Kimani                  | - Co-operative Officer- Westlands sub-county |
| 7. George N Mwangi                   | - Co-operative Officer- Westlands sub-county |
| 8. Bernard Obungu                    | - Aggrey Obungu & Co Auditors                |
| 9. Philip Nelson Isiye               | - Consultant                                 |
| 10. Mr. Maina                        | - Coretec Solution                           |
| 11. Mr. Mutuma                       | - Coretec Solution                           |
| 12. Members as per the attached list |  |

**Preliminaries.**

The meeting was called to order at 10:00 am and M/s Lydia Theuri from Wundanyi said the opening prayer and introductions were done. Thereafter, the consultant Mr. Isiye took the members through the education session for about an hour.

**Topics**

1. Capital Management
2. Loan Asset Management
3. Member loyalty

**Presentation by Coretec**

Mr. Mutuma of CoreTec took the members through a brief presentation and the topics covered were as follows:

1. Timeless application
2. Access to Sacco services
3. Mobile Banking
4. Loan calculator

**Min. 01/AGM/04/2019: Adoption of the agenda.**

The secretary read the notice convening the AGM and the agenda for the day. The Agenda was adopted after being proposed and seconded by Patrick Mutiso of Kinyambu and Silas Mwatha of Koru branch respectively.

**Agenda**

1. Adoption of the agenda
2. To record any apologies
3. To adopt minutes of the 41<sup>st</sup> Annual General Meeting
4. To consider matters arising
5. To receive and adopt the chairman's report
6. To receive and adopt the supervisory committee's report
7. To receive, consider and adopt Audited Financial Statements for the year ended 31/12/2018.
8. To make the following resolutions-
  - Disposal of surplus in respect of the financial year ended 31/12/2018
  - To approve the proposed operating and capital budget for the year 2020
  - To appoint the 2019 Auditors
  - To raise the minimum monthly deposit from Kshs 2,000 to Kshs 3,000
  - To capitalize declared 2018 dividends on share capital
  - To plough back Kshs 1,000.00 of declared 2018 interest on deposits
9. To elect three (3) members of the management committee
10. To elect two (2) members of the supervisory committee
11. To consider any other business in which due notice has been received in accordance with the By-laws.

**Min. 02/AGM/04/2019: To record any apologies**

There were no apologies received.

**Min. 03/AGM/04/2019: Adoption of the 41<sup>st</sup> Annual General Meeting Minutes**

Minutes of the 2018 Annual General Meeting were adopted after being proposed and seconded by Josephine Mwachi of Mwingi and Fabian Lwangu of Kakamega branch respectively.

**Min. 04/AGM/04/2019: Matters arising from the minutes**

1. Under min 8/AGM/03/2018, a member was concerned that there were members who were holding shares in two or more Saccos. He was informed that this was not a crime but he/she was not allowed to continue contributing to deposits in both Saccos.

**Min. 05/AGM/04/2019: To receive and adopt the chairman's report**

The chairman's report was adopted for discussion after being proposed and seconded by Lucas Orango of Eldoret and Eunice Kateta of Werugha respectively.

## Highlights

### Sacco Performance

During the year under review, the Sacco had recorded an increase in revenue by 5.27% from Kshs 35,999,731.00 to Kshs 37,898,347.00

Total assets had grown by 0.5% from Kshs 229,163,189.00 to Kshs 230,513,563.00.

Deposits had grown by 2.66% from Kshs 116,882,283.00 to Kshs 119,991,337.00 the previous year.

### Membership and Sacco Strategic Positioning

Active membership had grown from 501 in 2017 to 537 in 2018 representing a 7.19% growth.

### Effective service through technology

The Sacco was to install the Maktaba cash application, through which members could conveniently deposit, withdraw, transfer, buy airtime, pay utility bills and pay for goods and services using till numbers directly from their Sacco accounts.

The Sacco had developed a mobile advance loan which was to be accessible through Maktaba Mobile Cash App. The Committee promised to roll out the product before the subsequent annual general meeting.

### Ex-members' refunds

Following withdrawals and retirements by some members, the Sacco had a burden of refunding in excess of Kshs 92 Million. By the time of the AGM, the Sacco had managed to refund more than 90 Million thus leaving a balance of slightly over 2 Million shillings.

### Members loyalty and patronage

During the previous year's AGM, members had agreed to plough back Kshs 3,000.00 each to build the society core capital which stood at Kshs 18,853,784.00 representing 8.18% of total assets.

### Matters arising from the chairman's report

There were no matters arising from the report

### Min. 06/AGM/04/2019: To receive and adopt the supervisory committee's report

The supervisory committee's report was adopted for discussion after being proposed and seconded by Mr. Ngondi Makau of Malindi and Mr. Kisisavuki of Nairobi respectively.

## Highlights

### Membership and Cash flow

The society had an active membership of 537 which translated to low income to the Sacco hence members could not access loans and other services on time.

In view of the above, the committee encouraged members to save more and also reduce their requests for top up loans.

### **Loan defaulters and members' deposits**

Loan defaulting was a big concern to the Sacco.

Members' savings and their loan requests did not march. Members were borrowing way more than they were saving thereby creating a loan backlog which was not healthy to the Sacco.

### **Education to members**

Education to members was paramount for the understanding of their mandate as members. Education on personal financial management and all other areas pertaining to the Sacco in general was to go a long way in empowering the members.

### **Quality Management of Information**

Quality information was key to the growth of the Sacco. Technology was dynamic and though the Sacco had successfully migrated to ERP (Enterprise Resource Planning), the supervisory committee encouraged the management committee to fast track the roll out of mobile banking to enable members to benefit in the following areas:

1. Access to information by use of mobile phones and portal login.
2. Access to mobile loans with minimal risk of going for high interest loans offered by other mobile financial institutions.

### **FOSA Licensing-**

Due to the impending devolution of Library payroll management, there was need to register FOSA with SASRA to enable the society enjoy repayment of its loans by members through check off system.

In order to qualify for FOSA licensing by SASRA, the Sacco needed to meet the following Sacco Societies Act 2010 requirements among others:

1. Minimum share capital of Kshs 10,000,000.00
2. Minimum core capital of 10%
3. Minimum institution capital of 8%

The committee encouraged members to consider increasing monthly minimum deposit contribution, plough back a significant amount of 2018 interest on deposits and capitalize 2018 dividends on share capital.

This was meant to reduce the Sacco's financial reliance on bank loans and at the same time achieve SASRA minimum requirement of getting FOSA license.

### **Matters arising from supervisory committee's report**

There were no matters arising from the supervisory committee report.

### **Min. 07/AGM/04/2019: To receive, consider and adopt the Audited Financial Statements for the year ended 31/12/2018.**

The auditor, Mr. Bernard Obungu from Aggrey and Co. Auditors presented the auditor's report for the year ended 31<sup>st</sup> December 2018.

The report was adopted for discussion after being proposed by Patrick S Ongaya of Lusumu and seconded by Salome O Obiero of Nairobi.

## Matters arising from the auditor's report

- ✓ A member wanted to know why Kshs 120,000 withholding tax for the year 2015 was paid in 2018. He was informed that it was paid in that year since it was discovered that it was not paid in 2015 as was required.
- ✓ A member wanted clarification on way there was a provision for bad debts and not good debts. It was clarified that bad debt had no chance of being recovered while the good debts were covered by the insurance cover.
- ✓ A member was concern that the amount set aside as provision for bad debts was too high. He was informed that it was a requirement since the introduction of IFRS 9-International Financial Reporting Standard 9. This had given clear guidelines on how bad debts would be provided for within a percentage of the Sacco's Total Assets. This money was not to be expensed unless in the event of a bad debt occurring.
- ✓ A member wanted to know what was the Mpesa income -whether it was income or charges. She was informed that it was commission from the Mpesa transactions.
- ✓ There was a concern that the Sacco was incurring expenses on the Juja Plots against the resolution of an earlier AGM. It was clarified that the plot owners were meeting the cost of any transaction through the Sacco. Owners were paying the Sacco for onwards payment for the necessary services to the providers.
- ✓ Another member wanted to know why committee sitting allowances and other allowances were not put together as one figure. He was informed that different committee expenses were on different votes hence they were separated accordingly.

## Min.08/AGM/04/2019: To make the following resolutions

### 1. Disposal of surplus in respect of the financial year ended 31/12/2018.

Mrs. Lucy Kimani took the meeting through the preliminaries on how to dispose the surplus.

This proposal to distribute interest on deposits at the rate of 8.19% was approved after being proposed and seconded by James Mwaura and James Wambugu respectively.

On the issue of Committee Honoraria, the proposed Kshs 500.000 was rejected and members came up with other proposals shown below:

			Votes
<b>1</b>	<b>Proposed</b>	<b>500,000.00</b>	<b>3</b>
	Proposer	Sylvia Teigut	
	Seconder	Julius Mawira	
<b>2</b>	<b>Proposed</b>	<b>400,000.00</b>	<b>21</b>
	Proposer	Eunice Kateta	
	Seconder	Leonard Langat	
<b>3</b>	<b>Proposed</b>	<b>300,000.00</b>	<b>74</b>
	Proposer	Lucy Yator	
	Seconder	Paul Kirui	

Arising from the above, the AGM awarded the committee an honorarium of Kshs 300,000.00 for the year ended 31/12/2018.

The AGM also noted with appreciation the contribution of the Sacco staff towards the success of the society. To this end, a staff bonus of Kshs 70,000.00 was awarded after being proposed by Paul Kirui of Nairobi and seconded by Christopher Wamutitu from Muranga branch.

**2. To approve the proposed operating and capital budget for the year 2020**

The treasurer took the AGM through the proposed budget for the year ending 31<sup>st</sup> December 2020 and it was approved as it was presented. It was proposed by Kenneth Wandue and seconded by Lydia Theuri.

**3. To appoint the 2019 Books of Accounts Auditors**

The Committee presented three audit firms that had expressed their interest in auditing the Society's 2019 books of accounts. These were: -

- a) Aggrey and Company Auditors –Kshs 104,000.00
- b) Oboge Otieno and Company Auditors- Kshs 140,000.00
- c) Nyandiko & Associates Auditor-Kshs 135,000.00

The Committee recommended Aggrey and Company Auditors due to the quoted fees and past experience.

The AGM approved Aggrey and Company Auditors to audit the 2019 books of accounts after being proposed by Julius Mawira Nkarichia and seconded by Patrick Mutiso.

**4. To raise the minimum monthly deposit from Kshs 2,000 to Kshs 3,000**

This proposal was unanimously rejected after being proposed and seconded by Beldinah Mugenya of Kakamega and Lucy Wambua of Kithasyu respectively.

**5. To capitalize declared 2018 dividends on share capital**

This was approved after being proposed by Monicah Wangui of Kangema and seconded by Christopher Wamutitu of Muranga.

**6. To plough back Kshs 1,000.00 of declared 2018 interest on deposits-**

This was rejected after being proposed by Grace Adongo of Kisumu and seconded by Charles Osoro of Naivasha.

**Min.10/AGM/03/2018: To elect three (3) members of the management committee**

The cooperative officer, Mrs. Lucy Kimani assisted by Mr. Njoroge presided over the elections of the committee members. The Management Committee members who were retiring but eligible for re-election were as follows;

1. Elias Ileri
2. Victoria Murgor

The third member was Mr. Muriithi who had been expelled from the board for failing to attend meetings as required by the Bylaws.

Elections were conducted by show of hands after being proposed and seconded by Lydia Theuri and Patrick Senge Ongaya respectively. The results were as follows: -

		Name	Votes
<b>1</b>	<b>Proposed</b>	<b>Michael Gitau Kuria</b>	<b>28</b>
	Proposer	James Muiru	
	Seconder	Paul Kirui	
<b>2</b>	<b>Proposed</b>	<b>Moses Imbayi Mwandih</b>	<b>17</b>
	Proposer	Absolom Mdogo	
	Seconder	Nancy Ndungu	
<b>3</b>	<b>Proposed</b>	<b>Shem Obinchu Ayienda</b>	<b>3</b>
	Proposer	Euniah Ataya	
	Seconder	Charles Osoro	
<b>4</b>	<b>Proposed</b>	<b>Victoria C Murgor</b>	<b>96</b>
	Proposer	David Wathome	
	Seconder	Patrick Ongaya	
<b>5</b>	<b>Proposed</b>	<b>Elias Ileri Kamwere</b>	<b>113</b>
	Proposer	Philip Omala Koi	
	Seconder	Eunice N Kateta	
<b>6</b>	<b>Proposed</b>	<b>Grace Auma Mbeke</b>	<b>13</b>
	Proposer	Kennedy Odhiambo	
	Seconder	Lydia Theuri	
<b>7</b>	<b>Proposed</b>	<b>Mariam Ismail</b>	<b>58</b>
	Proposer	Patrick Mutiso	
	Seconder	Nancy Cherotich	

Therefore, the three (3) Management Committee members elected were: -

1. Mr. Elias Ileri Kamwere
2. Ms. Victoria C Murgor
3. Ms. Mariam Ismail

**Min.11/AGM/03/2018: To elect two (2) members of the supervisory committee**

		Name	Votes
<b>1</b>	<b>Proposed</b>	<b>Michael Gitau Kuria</b>	<b>89</b>
	Proposer	Lydia Theuri	
	Seconder	Paul Kirui	
<b>2</b>	<b>Proposed</b>	<b>Moses Imbayi Mwandih</b>	<b>38</b>
	Proposer	Philip O Koi	
	Seconder	Dorah B Mwachi	
<b>3</b>	<b>Proposed</b>	<b>Grace Auma Mbeke</b>	<b>82</b>
	Proposer	Eunice Kateta	
	Seconder	Patrick Senge	

Therefore, the two (2) Supervisory Committee members elected were: -

1. Michael Gitau Kuria
2. Ms. Grace Auma Mbeke

**Min.12/AGM/03/2018: Any Other Business.**

1. The office to ensure correctness of the individual deposits for the purpose of interest Calculations in future.
2. A member suggested that the AGM allowances and transport for the representatives be increased due to the increased fares and if possible hold the future AGMs earlier than April.
3. Members in the branches to be educated by the Board members.
4. The Sacco to upgrade the round neck T-shirts to Polo t-shirts in future,

**Vote of thanks and closing prayers**

Mr. Kenneth G Wandue, member no. 25 moved the vote of thanks.

He encouraged young co-operators to save more so as to strengthen the Sacco and at the same time secure their future.

He also urged members to be loyal to their Sacco and correct any mistake from within the society.

There being no other business, the meeting was adjourned at 3:45 pm with a word of prayer by Madam Agnes Karegi Mathiu.

**Signed for confirmation**

Chairman-----Sign-----Date-----

Secretary-----Sign-----Date-----