

SUPERVISORY COMMITTEE REPORT FOR THE YEAR 2021

1.0 Preamble

The Chairman of Tembo Ventures Housing Cooperative, Board Members, TVC members, invited guests and fellow supervisory committee members; on behalf of the Supervisory Committee, I have the pleasure of presenting the Supervisory Committee's annual report to members in this 7th Annual general meeting.

2.0 Duties of Supervisory committee

The role of the supervisory committee is to monitor the operations of the Co-operative and make recommendations to the board to ensure that the transactions of the society are carried out with accuracy and honesty in accordance with the Co-operative Societies Act, policies, and by-laws. We also ensure internal control systems in place are followed in such a way as to enhance transparency and accountability for the good of the society.

Our main objective is therefore to help TVC limit risks that may lead to financial losses as well as to ensure that it remains in the rising trend and keep the star shining as we create wealth for the members.

3.0 General Observation

The Society has managed to navigate a tough period and stay afloat in 2021 despite the economic strain and aftershock caused by the Covid-19 pandemic. This committee wishes to recognize the board of management for their tireless dedication directed to daily operations of our co-operative.

Below are the highlights that the Supervisory Committee wishes to share with members in our annual report for the year 2021.



4.0 2021 Outlook

4.1 Performance

A) Sales

B) COS

C) Closing stock

Project	Plots sold	Price	Cost of sales	Project	Plots sold	cost	Cost of sales	Project	Closing stock	
Juja Oak	16	595,000.00	9,520,000.00	Juja Oak	15	436,351.54	6,545,273.08	Kisaju plains	1	36,440,741.00
Juja crescent 2	7	699,000.00	4,893,000.00	Juja crescent 2	7	506,778.46	3,547,449.23	Kamulu meadows	2	1,258,000.00
Ruiru Greenview	2	2,500,000.00	5,000,000.00	Ruiru Greenview	1	1,517,500.00	1,517,500.00	Juja Bliss phase I	1	7,868,900.00
Malaa springs	20	420,000.00	8,435,000.00	Malaa springs	19	230,357.00	4,376,783.00	Ruiru Breeze	1	2,796,215.99
Ruiru Northview	1	1,900,000.00	1,900,000.00	Ruiru plains	8	940,460.00	7,523,680.00	Juja Crescent 2	9	4,561,006.15
Juja palms 2	1	750,000.00	750,000.00	Ruiru hill view	5	919,136.67	4,595,683.35	Tembo Gardens	26	18,539,857.18
Mountainview	1	550,000.00	550,000.00	Tembo gardens	2	713,071.43	1,426,142.86	Plains view 2	7	14,332,107.42
Ruiru plains	8	1,500,000.00	12,000,000.00	Tembo plainsview 2	2	1,942,000.00	3,884,000.00	Ruiru plains	3	2,821,380.00
Ruiru hill view	5	1,390,000.00	6,959,000.00				33,090,053.00	Ruiru Hill View	9	8272230.03
Tembo gardens	2	899,000.00	1,798,000.00							96,890,437.78
Tembo plainsview 2	2	2,500,000.00	5,000,000.00							
			56,805,000.00							

There is a notable improvement on the plots sold over the last year despite the hard economic times, and we would like to appreciate the sales team for the effort put in. We however ask the management to look for ways to reduce on the cost of sales.

Below chart shows the number of plots re-possessed by TVC due to non-payment. We would like to thank management for taking this firm decision and encourage them to take similar measures for projects that are dormant.

REPOSSESSED PLOTS				
01/01/21	REPOSS:PSINV00099	Reposs: Greenview Plot No. 10	2,500,000.00	Greenview
18/01/21	RELEASED	Released: Plot sale- Juja palms 2 plot NO. 11	750,000.00	Juja palms 2
07/03/21	PLOT65	Released: Malaa Plot no. 65	405,000.00	Malaa
07/03/21	PLOT65	Released: Malaa Plot no. 65	405,000.00	Malaa
11/04/21	PSINV-00038	Ropess: Juja Oak plot No. 5	595,000.00	Juja Oak
29/10/21	INVOICESINV-00184	Project Sales - Juja Oak Plot no.17	595,000.00	Juja Oak
			5,250,000.00	

5.0 Membership

Membership closed at 641 compared to 630 as at close of 31st December 2020 indicative of low recruitment of new members and continued withdrawals. Members are encouraged to be good ambassadors of TVC and help in marketing TVC to their friends/networks, especially through social media.

6.0 Fairway Suites Groundbreaking

On 18th September 2021, there was a successful groundbreaking launch of TVC's flagship project (Fairway Suites) located along the Eastern Bypass within the Ruiru/Kamakis area.

Overall, the ceremony was very well executed with participation from TVC Board, Supervisory committee, TVC members/prospective buyers, financial partners (Tembo Sacco, Co-operative Bank representatives), Project Manager, Architect, and contractor.

A total of 55 units were put up for sale and in the last 6 months, 22 units (40%) have been booked and 2 (3.6%) paid for in full.

Units	Quantity	Deposit Paid	Paid in Full	Balance of Units
Shops	5	5	2	0
2 Bedroom	30	15	0	15
1 Bedroom	20	2	0	18
Total	55	22	2	33

- Total Cost of unit booked units – KES 80,640,000.00
- Total Paid/collected – KES 31,597,005.00 (39%)

There is need for constant review to ensure payment for booked units is in tandem with the commitments/sale agreement.

We have noticed a slow uptake of the above units and urge the board to accelerate marketing and sales to ease the pressure coming from borrowed capital and to ensure we are on track against commitments made to the investors. In addition, we encourage the management to move to a level of completion of the project to create confidence in other willing/current investors.

We also ask all of us in TVC to support in marketing of the remaining units within our networks.

7.0 Society Image/Brand Equity

The Board has made great effort in building brand equity through consistent marketing using various Social Media Initiatives. We encourage the board to engage our buyers/consumers for social media

experiential reviews/testimonials to further boost our brand and to differentiate ourselves from scam housing ventures/co-operatives.

8.0 Revaluation of TVC Share

The committee would like to recommend that the board considers revaluing TVC's share price given the growth witnessed over the last several years of operations. And benchmarking against firms such as Safaricom Investment will give good insights on this.

9.0 Summary

The Board has put immense efforts in the Fairway Suites and we applaud them for this. To ensure that we continue to maintain a strong performance, we urge them to refocus on the following areas:

1. Monthly Accounts/Bank account Reconciliation to be done by Management and reviewed by the Board
2. Performance Review and gearing ratios
3. Naivasha/Juja Plots Case which has taken more than 3 years. There is need for the Board to come up with a concrete action plan moving forward that will ensure we close the 2 cases by end of this financial year.
4. HR Policy - we noted a risk with regards to people matters due to a lack of Policies to reference or guide consistent decisions on arising matters such as Compensation and benefits, Performance Management, and employee welfare. The committee recommended that the Board contracts a HR Consultant to support the Society in creating an employee handbook containing the critical people policies. Effort to source for a HR consultant has been seen and we encourage the board to complete and operationalize the employee handbook and people policies this financial year 2022 to safeguard the interest of employees and comply with regulations.

We understand that the board is under pressure for diversification, but we need to have laser focus on the few projects we are undertaking, liquidate the assets/plots that are on offer, even out the cashflow and avail funds from the idle assets. The cost of sales is relatively higher compared to our costs and we urge the board to be keen so that we are investing less and getting more. Revisit cost drivers and identify the areas we need to drop to improve our markup (Internal cost cutting).

Conclusion

The Supervisory Committee affirms the resilient state of Tembo Ventures Housing Co-operative and is confident that the Board and the management team with the support of members can execute the recommendations highlighted without delay.

Finally, we want to thank the Board, members of Staff and Co-operative Department Officials for their hard work in ensuring the success of the Co-operative.

Supervisory Committee Members 2021

1. Martin Mutie-Chairman
2. Eva Wanjiku- Secretary
3. Harrison Mutua -Member

Thank you and God Bless you All