

SUPERVISORY COMMITTEE REPORT FOR THE YEAR 2024

1.0 Preamble

The Chairman of Tembo Ventures Housing Cooperative, Management Committee Members, TVC members, invited guests, and fellow supervisory committee members: On behalf of the Supervisory Committee, I have the honor of presenting the Supervisory Committee's annual report to members in this 10th Annual General Meeting.

2.0 Executive Summary

This report highlights the Supervisory Committee's key observations and recommendations for 2024, including financial performance, project milestones, membership trends, and governance improvements. Significant achievements include completing the Fairway Suites project and launching the 2024-2027 Strategic Plan. Recommendations focus on asset utilization, membership growth, operational efficiency, and revenue diversification to position Tembo Ventures Housing Cooperative Society for sustainable development.

3.0 Duties of the Supervisory Committee

The Supervisory Committee monitors the Cooperative's operations and makes recommendations to the Management Committee to ensure that transactions are carried out accurately and honestly per the Cooperative Societies Act, policies, and by-laws. We also ensure compliance with internal control systems to enhance transparency and accountability for the good of society.

Our main objective is safeguarding members' rights and interests by promoting sound administrative practices and limiting risks that may lead to financial losses.

4.0 General Observation

The stabilization of the Kenyan shilling and slower inflation characterized 2024. Despite low liquidity and reduced government spending affecting purchasing power, Kenya's SACCO and housing sectors showed growth potential, supported by regulatory reforms and government initiatives. Key highlights for TVC in 2024 include:

- Strategic Planning for 2024–2027.
- Completion of the Fairway Suites project.
- Recruitment and transition of a new CEO.



5.0 2024 Financial Outlook

5.1 Performance Highlights

- **Asset Growth:** Total assets decreased from KES 280.5M in 2023 to KES 256.1 M in 2024, indicating reduced investment or divestment. High-value inventory assets held for sale (KES 91.5 M) present an opportunity to unlock cash flow.
- **Liquidity:** Cash and cash equivalents improved from KES 1.82M to KES 3.20M, reflecting better cash management.
- **Liabilities:** Total liabilities decreased from KES 213.2M to KES 189.99M, suggesting improved financial stability. Borrowings remained stable at KES 92.88 M.
- **Equity:** Shareholders' funds decreased from KES 67.3M to KES 66.2M.
- **Profitability:** Retained earnings decreased from KES 3.7M to KES 556,726, reflecting slowed economic growth.

Metric	2023	2024	Change
Total Assets	280.5	256.1	-24.4
Total Liabilities	213.2	189.99	-23.21
Shareholder's Funds	67.3	66.2	-1.1
Cash & Equivalents	1.82	3.20	+1.38
Retained Earnings	3.7	0.56	-3.14

6.0 Fairway Suites Project

The Fairway Suites project was completed in September 2024 despite challenges. Of the 57 units:

- **27 units** are fully paid (up from 16 in 2023).
- **22 units** remain unsold (8 two-bedroom, 14 one-bedroom).
- **4 units** are overdue, totaling KES 1.98M.

Renting unsold units generated KES 470,000 in 2024. Plans for a Property Management division for Fairway Suites and other properties are underway and should be finalized by early 2025. Retaining some units as TVC-owned assets is recommended to enhance the asset portfolio.

Units Sales Overview

Unit Type	Total	Fully Paid	Partly paid	Balance
2-Bedroom	32	18	6	8

1-Bedroom	20	4	2	14
Shops	5	5	0	0
Total	57	27	8	22

7.0 Membership

Membership growth remains a challenge but has seen a steady improvement in 2024, with 55 new members joining (against 14 from 2023). Withdrawals totaled KES 6.85M, up from 5.79M in 2023. TVC closed with 720 members in 2024. Active members constitute 14%, so there is a need to employ rapid measures to engage the dormant members.

Recommendations:

1. Increase recruitment efforts, leveraging Tembo SACCO and targeted marketing campaigns.
 2. Enhance member engagement through loyalty programs and dedicated account management.
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8.0 Governance Recommendations

8.1 Policy Operationalization

Three key policies—Procurement and Asset Disposal, HR, and Investment—have been developed but remain unimplemented. These should be operationalized by Q2 2025. Six additional policies from 2022 remain pending.

9.0 Strategic Plan (2024–2027)

The strategic plan includes six BHAGs (Big Hairy Audacious Goals):

1. Diversify revenue streams (minimum of 4 by 2027).
 2. Achieve 3,000 active members by 2027.
 3. Grow assets to KES 400M by 2027.
 4. Increase annual net revenue by 30%.
 5. Implement all key policies and procedures.
 6. Position TVC as a top investment vehicle.
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10.0 Future Opportunities

Strategic Recommendations:

1. **Diversify to Investments** that unlock higher returns such as competitive Money Market funds, Treasury bills, and bonds.
 2. **Diversify revenue streams:** Introduce new products/services that complement the existing portfolio, such as housing projects, eco-friendly materials, or mortgage facilitation services.
 3. **Geographical Expansion:** Explore untapped markets.
 4. **Leverage Technology:** Invest in CRM systems and digital marketing.
 5. **Debt Reduction:** Restructure existing debt to reduce interest costs.
 6. **Sustainability Initiatives:** Implement energy-efficient construction and waste management practices.
 7. **Talent Development:** Enhance training programs and leadership grooming.
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11.0 Summary

There is renewed focus on performance management for the team led by the new CEO, aligned to the Strategy with clear and measurable deliverables, giving us a new dimension on how we will deliver 2025. This alignment focuses on the bigger diversification agenda, easing the pressure on brick, mortar, and plots. The hybrid system of 'rent-to-own' for Fairway Suites seems favorable, and we encourage rigorous selling and follow-up on buyers to ensure minimal default rates.

12.0 Conclusion

The Supervisory Committee affirms the resilient state of Tembo Ventures Housing Cooperative. We commend the Management Committee, staff, and members for their dedication and urge a continued focus on strategic goals to ensure sustained growth and profitability. Thank you for your hard work and commitment.

Supervisory Committee Members 2024:

1. Martin Mutie - Chairman
2. Evalyne Wanjiku - Secretary
3. Angela Gaithuma - Member (up to Q4 2024)

Initial


Secretary

Date: __10 April 2025__



Chairman

Date: _____10 April 2025_____