



ANCHOR PREMIER SACCO LTD

P.O Box 6479-01000

Cell: +254725375608

Email: info@anchorpremiersacco.co.ke
Thika Section 9 Before Chania Tourist Lodge

SUPERVISORY REPORT FOR AGM 2025 APS

DISTINGUISHED GUESTS, MEMBERS, LADIES AND GENTLEMEN

It is my pleasure to welcome you once again and thank you most sincerely for finding time to attend and participate in this AGM

1.0 INTRODUCTION

The Supervisory Committee is grateful to you honorable members for the privilege that you have accorded the Supervisory Committee to serve as your watchdog in the year 2024. The Supervisory Committee wishes to commend you for your continued commitment to the mission of the Sacco since 2015.

The Supervisory Committee also commends the Board for their commitment in directing the business of Anchor Premier Sacco during the year 2024. We also recognize the efforts of the Anchor Premier Sacco staff and commend them for their hard work.

2.0 MANDATE

Section 2 of the Co-operative Societies Act Cap. 490 (Revised 2023) defines a "Supervisory Committee" as an oversight committee elected at a General Meeting. The Supervisory Committee draws its mandate from Rule 28 of the Co-operative Society Rules (Legal Notice No. 123 of 2004) which says "Every society shall have a supervisory committee consisting of three members each elected at a general meeting for a period of three years and one member of the supervisory committee shall retire annually.

3.0 SCOPE

Rule 28 also outlines the duties of the supervisory committee to include—

- (a) verification of all transactions of the society;
- (b) writing periodic reports of its findings to be tabled at management committee meetings;
- (c) submission of its reports to the Commissioner;
- (d) presenting its reports to the Annual General Meeting.

The Supervisory Committee objective remains to safeguard members' interests by ensuring governance, risks management and internal controls

The Supervisory Committee conducted quarterly inspection in the Sacco affairs and presenting its findings and recommendations to the Full Board.

Below are the highlights that the SC wishes to share with members in our annual report for the year 2024:

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4.0 GOVERNANCE

Good governance is essential to the achievement of a Sacco's goals and objectives. Good governance involves compliance with policies, procedures, laws and regulations. The Supervisory Committee wishes to recognize efforts by the Board and Staff to conduct the business of the Sacco within good corporate governance practices despite the challenges in the business environment.

To further strengthen good governance, the Board should

- **Hold General Meeting as per the Cooperatives Societies Act**
Section 27(1) of the Cooperatives Societies Act. General meetings- The supreme authority of a Co-operative society shall be vested in the general meeting at which members shall have the right to attend, participate and vote on all matters. (2) Subject to subsection (3) a co-operative society shall hold an annual general meeting within four months after the end of each financial year.
- **Actively seek authorization/ license from SASRA**
Saccos with non-withdrawable deposits of more than one hundred million shillings (Kshs 100M) and Saccos mobilizing deposits from persons not resident in Kenya (Diaspora) and Saccos mobilizing deposits using electronic platforms and media (virtual) are required to obtain authorization from SASRA. Regulation 5(1) of the Sacco Societies (Non Deposit Taking Business) Regulations, 2020 says it is illegal for any Sacco Society to undertake specified non deposit taking business in Kenya without valid authorization from the Authority. As at 31-12-2024 APS non withdrawable deposits stood at Kshs 258,584,833 above the SASRA minimum limit of Kshs 100M and thus the Board should actively seek authorization from SASRA.
- **Arrange to have all Sacco policies and procedures approved by Members for implementation**
One of the duties and powers of the Board in the By-Laws is to ensure that the SACCO functions effectively and that an adequate and effective internal controls and risk management systems are in place consisting of appropriate policies.
- **Develop a strategic plan and have it approved by Members**
According to the By-Laws, the Board is supposed to provide visionary leadership by providing strategic directions on the SACCO business.
- **Recruit an internal auditor or outsource an internal audit function**
Currently the SACCO does not have an internal auditor as the one who was there underperformed and was separated with the SACCO. As the SACCO seeks authorization by SASRA, the Guidance Notes on Corporate Governance for Regulated Sacco Societies in Kenya requires the Board to establish an internal audit function headed by a person possessing the qualifications prescribed in the law.
- **Budget and hold Members Education Day**
One of the specific objective of the SACCO is to ensure progress of members and SACCO through continuous education programs on savings and proper use of credit, reduction of poverty, human dignity and cooperation.
- **Develop a Nomination and Election policy and have it approved by Members**

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The By-Laws says there shall be a Nominating Committee of the SACCO which shall be constituted as per the SACCO's Electoral Policy which shall be formulated by the Bard to vet and clear the prospective candidates for elections

5.0 RISK MANAGEMENT

System Upgrade

The Supervisory Committee wishes to inform members that the Board has upgraded the system and members will be able to interact with their accounts without visiting branches. Members will also be able to monitor their shares, deposits and loans. The Supervisory Committee commends the Board for this activity and implore members to register and use the app to increase their shares and deposits and patronize the SACCOs products.

Membership

In a Sacco, members are owners, financiers and customers. Thus growth in membership leads to increase in members' deposits hence guaranteeing funds for credit business which is the Sacco's core activity to generate income. Increase in membership and consequently members' deposits helps to manage financial risks.

During the year under review active members increased by 198 members composed of 25 new registrations and activation of 173 dormant accounts reflecting renewed confidence in the Sacco.

	2024	2023	Increase/ Decrease	% increase/ decrease		
Active members	1,582	1,384	198	14.3%		
Dormant members	8,466	8,639	(173)	-2.0%		
	10,048	10,023	25	0.2%		

The Supervisory Committee wants to encourage Members present here today to be the Sacco's chief members recruiter and prime ambassador and recruit at least one member in 2025 as **Anchor Premier Sacco is our business**. In any case the Bylaws indicate one of the Members Obligations is to inform nonmembers and encourage them to join the Sacco

Decreasing Members Deposits

During the period under review members' deposits decreased by Kshs 29,997,492. This was attributed to reduction of contributions during the year by Kshs 3,258,194 where some members have stopped remitting monthly deposits. Also there was an increase of refunds and loan offsets by Kshs 20,574,960 as shown below.

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	2024	2023	Increase /Decrease	% increase/ Decrease
Balance brought forward	288,582,325	299,972,211	(11,389,886)	-3.8%
Contributions during the year	8,162,093	11,420,287	(3,258,194)	-28.5%
Refunds and loan offsets during the year	(43,400,333)	(22,825,373)	(20,574,960)	90.14%
2023 Interest/ Dividends capitalised	5,225,548	0	5,225,548	#DIV/0!
Term deposits -G-Pange and Junior	15,200	15,200	0	0.0%
	258,584,833	288,582,325	(29,997,492)	-10.4%

The Supervisory Committee wishes to remind members that the **By-Laws** indicate that a member ceases to be a bona fide member of the Sacco if he or she fails to remit contributions and loan payments for a continuous period of six months. Therefore, it is paramount that all members subscribe to the rules and regulations governing Sacco operations.

Loans to Members

Loans issued increased during the period under review from Kshs 43,583,764 to Kshs 51,742,649 as shown below. However, included in the carried forward balance of Kshs 215,170,154 are non-performing loans of Kshs 163,909,209 over 360days. We noted that the Board has taken steps by writing reminder letters and defaulters who have not responded have being forwarded to CRB and some to the tribunal. The Supervisory Committee is appealing to members here today who are not servicing their loans to do so to avoid their names being forwarded to CRB or tribunal.

	2024	2023	2022
Balance brought forward	246,941,193	282,966,288	339,470,446
Loans issued	51,742,649	43,583,764	47,613,210
Loans repaid/ Offset	(83,301,812)	(79,608,850)	(104,117,368)
Balance carried forward	215,382,030	246,941,202	282,966,288
Aging schedule	215,170,154		
Difference	211,876		

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Urithi Housing Loans

The financial statements indicate it is owed by Urithi Housing and some members of Urithi Housing as follows

- Premier Housing loans- Kshs 91,873,791,
- Receivables Urithi Housing Society –Kshs 114,819,284,
- Urithi Housing debt Kshs 14,204,567 and
- Staff Housing debt Kshs 5,680,153)

The Board and officials of Urithi Housing had started a reconciliation of these amount's but the reconciliation has not been completed and has stopped. Since this exercise is important the Board should consider an inquiry to be carried out by the Commissioner for Cooperatives on the operations of the SACCO from inception to the year 2022. The inquiry will help in tracing the flow of funds and establishing any misappropriation of funds. The Commissioner should also be requested to assist in recovery of non-performing loans.

Fixed Assets

Supervisory Committee reviewed the fixed assets register and observed that included in fixed assets are costs for laptops and CCTV Cameras. The previous Board did not hand over any laptops and the current Board has written a letter to the former chairperson to hand over the laptops. CCTV cameras used to be in the former office and the Board is requested to remove CCTV costs from the fixed asset register

Nominee(s)

Review of the members list indicated some members have gone to be with the Lord. Eternal Rest Grant unto the Departed Members O Lord and May Perpetual Light Shine on Them. Amen.

Members are requested to update their nominee(s) in the members' portal to enable payment to beneficiaries in case of such happenings. In addition, members are requested to keep their loans updated as to avoid their security being attached

4.0 CONTROLS

The SACCO has lean staff and this makes segregation of duties difficult and due to financial constraints employment of more staff has been put on hold. In this situation, the Supervisory Committee has enhanced its oversight role of verifying vouchers, minutes, loans.

5.0 PROJECTS

The SACCO has the following projects which members are requested to patronize

1. Malindi – 2 acres remaining out the 17 acres. One acre being sold at Kshs 250,000
2. Nanyuki - 6 plots remaining out of the 22 plots, One plot (50x100) being sold at KSH. 465,000.00
3. Joska - 1 plot remaining out of the 16 plots, One plot (50x100) being sold at Kshs 550,000
4. Malaa -This is a new project and has 15 plots (50x100) being sold at Kshs 500,000 each

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6.0 CONCLUSION

In our opinion the Sacco is operating well except for the non-performing loans. The Supervisory Committee endeavors to continue overseeing the Board and staff with a view to enhancing transparency, accountability, integrity, financial reporting and compliance with applicable policies, procedures, laws and regulations.

One of the Supervisory Committee member is retiring and is eligible for reelection. There is also a vacancy for an additional member and we request election of members of integrity in the committee who meet all the election criteria

We thank you all members for the mandate and trust you gave us to oversee the operations of the Anchor Premier Sacco Society Limited in 2024. We commit to continue serving you and giving assurance on APS internal controls, risk management and governance.

The Committee reiterates that Anchor Premier Sacco Society Limited is "Where You Belong"

Thank you all and God bless you

John Gathogoh

17/05/2025

Nelius Muchoya

+254725375608

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