

# Afrika Diaspora Co-operative Limited

## Disclosure Statement

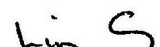
27 Aug 2024

**August 2024**

REGISTERED

23 Aug 2024





# 1 INTRODUCTION

## **Explanation of this Statement**

The Co-operatives National Law (NSW) (the CNL) requires that a distributing co-operative has a current registered disclosure statement. This disclosure statement sets out information necessary to ensure eligible members are adequately informed of the nature and extent of a person's financial involvement or liability as a member of the co-operative.

### **1.1 Name**

Afrika Diaspora Co-operative Limited

### **1.2 Registered office**

584 Forest Road Bexley NSW 2207

## 2 BACKGROUND AND DEMAND FOR SERVICES

### **2.1 Background to forming the co-operative**

The founding members of the co-operative are members of the Afrika Diaspora with a strong sense of and pride in their shared background. They want to support their community in Australia, New Zealand and the Diaspora through different business and community initiatives for the social, cultural and financial betterment of members and their community.

There are a number of programs within government and non-governmental organisations that seek to promote integration of migrants into the wider community. For recently arrived migrants, as well as existing migrant groups, any additional activity that can hasten migrants' integration into the community while promoting social-cultural interaction would go a long way to enhancing not only their social-cultural well-being but also their mental and economic well-being, that of their host nation, as well as the wider global community.

Bringing together migrants and their supporters, with a crafted common agenda, can act as a catalyst for enhancing interaction and integration. Among the many ways of doing so, pooling together of intellectual and financial resources can act as an incentive and catalyst for faster integration into the wider community. The founding members believes the co-operative can positively contribute to the bridging of that gap by pooling together the intellectual, professional and financial resources in a social-culturally engaging setup with a focus on economic well-being of immigrants.

Starting with small amounts of capital that combined can be used for different initiatives; they believe that the co-operative will become a strong platform for members to support each other and the communities where they live.

The co-operative structure is seen to be the most suitable for the organisation by delivering independence, democracy, strength in numbers, a long-term outlook and a clear focus on member benefit not third-party profit.

## 2.2 Purpose

The purpose of the co-operative is to enhance the social, cultural and economic well-being of its members, and the Afrika Diaspora community more broadly, by providing an engaging platform for pooling intellectual, professional and financial resources to support business and community projects and programs.

## 2.3 Demand for services

The founding members are leaders in their community and know many community members who have ideas for business and community initiatives. They need support in many forms to make these projects a reality. The co-operative will be a platform for this assistance.

It is also known that there are many community members who want to support such initiatives in the community. New migrants sometimes feel or find themselves isolated socially, economically and professionally. The aim is for the co-operative to provide a meaningful and holistic platform for integration.

# 3 MEMBERSHIP

## 3.1 Who can be a member

A person or organisation qualifies for membership of the co-operative if they:

- support the purpose of the co-operative, and
- are able to use and contribute to the services of the co-operative.

## 3.2 Application for membership and shares

Applications for membership must be lodged in writing in a form approved by the board, and should be accompanied by payment for any entry fee and for allotment of at least the minimum number of shares in the co-operative.

The entry fee for an application for membership and regular subscription are determined from time to time by the board. The regular subscription cannot exceed \$1,000 in total for a calendar year. The intention initially is that there will be no entry fee or regular subscription. However, it is also already intended that the board will establish at least an entry fee in the near future.

Members are required to subscribe for shares in the co-operative. The nominal value of shares in the co-operative is \$500 each. The required minimum number of shares for members is 10. No share is to be allotted unless at least 10% of the nominal value of the share has been paid. **This means that the minimum amount that should accompany a membership application, while there is no entry fee, is \$500, i.e. 10% of \$5,000 which is equivalent to the minimum of 10 shares at \$500 each. It is also required that any balance unpaid for shares at the time of allotment must be paid up:**

- **by at least \$75 each calendar month, and**
- **fully within 5 years of allotment.**

A member may pay up the outstanding balance unpaid on their shares at any time. The board is not able itself to make any calls on unpaid shares beyond the above requirements. If a member fails to pay up their shares in accordance with the above requirements, the board may, at any time that an amount remains unpaid, serve a notice on the member requiring payment of what is unpaid. In the event of non-

payment at or before the time appointed, the allotted shares of the member will be liable to be forfeited by a resolution of the board. A person whose shares have been forfeited stops being a member.

Applications for membership are considered by the board. If approved, the applicant's name and any other information required under the CNL must be entered in the register of members within 28 days of the approval. The applicant must be notified in writing of the entry in the register and the applicant is then entitled to the privileges attaching to membership.

The board may, at its discretion, refuse an application for membership. The board need not assign reasons for the refusal. On refusal any amounts accompanying the application for membership must be refunded within 28 days without interest.

### **3.3 Rights and liabilities attaching to membership and shareholding**

Members are entitled to be given notice of all general meetings, and all members, including joint members, may attend and be heard at these meetings. Active members that are at least 18 years of age and hold at least 20 shares in the co-operative have the right to nominate to be a director.

The minimum number of shares a member must hold is 10. No share is to be allotted unless 10% of the nominal value of the share has been paid. No one member can hold more than 20% of the total issued share capital of the co-operative.

The fees for the transfer of shares, debentures or co-operative capital units are determined from time to time by the board.

On winding up of the co-operative, a member is liable to the co-operative for any charges payable by the member as required by the rules of the co-operative.

#### Resignation

A member may resign from membership of the co-operative by giving 28 days' notice in writing. Subject to any terms of issue of shares, share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11). Shares for which the capital has been repaid must be cancelled.

#### Expulsion

A member may be expelled from the co-operative if the member:

- fails to discharge their obligations under the rules or any agreement or contract entered into with the co-operative
- prevents or hinders the co-operative from carrying out any of its primary activities
- brings the co-operative into disrepute
- acts contrary to one or more of the co-operative principles.

The procedure for expulsion is governed by the rules (see rule 9). Once expelled, the member's share capital is repayable by the co-operative to the member, less any amounts owed by the member to the co-operative (see rule 11). Shares for which the capital has been repaid must be cancelled.

#### Cancelled due to inactivity

Membership must be cancelled if the member does not comply with the active membership rule for 2 years (see rules 4 and 20).

The shares of a member whose membership is cancelled due to inactivity must also be cancelled and repaid subject to any terms of issue of those shares and less any amounts owing by the member to the co-operative.

The CNL provides rules for the repayment of shares of cancelled members as well as resigning or expelled members, including the substitution of securities for those shares.

#### Liability

The co-operative is a separate legal entity and has limited liability.

Members are not liable for any debts of the co-operative. If the co-operative is wound up and there are insufficient assets of the co-operative to satisfy the co-operative's debts then members bear no personal liability for those debts.

If the co-operative is wound up in insolvency:

- members may lose their share capital
- members will be liable for any fines imposed on them by the co-operative, or any charges payable by them to the co-operative as required by the rules of the co-operative
- members who owe money to the co-operative under a contract will be liable to pay those amounts to the co-operative.

### **3.4 Voting rights of members**

Active members of the co-operative each have one vote at co-operative general meetings. The only exception to this is that active members who are not yet 18 years of age are not entitled to vote.

The right to vote is a right of membership and is not related to the number of shares that may be held by a particular member.

Joint members have only one vote between them. In the event of a dispute between joint members as to which member will vote, the joint member whose name appears first in the register of members is entitled to vote.

### **3.5 Ceasing membership and forfeiture of shares**

A person will cease to be a member and may have his or her shares forfeited in the following circumstances:

- if the member is expelled or resigns
- if the membership is cancelled due to inactivity
- for a member that is a natural person – if they become bankrupt or on their death
- for a member that is a corporation – if the corporation becomes insolvent or is deregistered
- if the membership contract is cancelled because of a misrepresentation or mistake in law
- if the member's total shareholding is transferred to another person and the transferee is registered as the holder of the shareholding
- if the member's total shareholding is forfeited under the CNL or these rules
- if the member's total shareholding is sold by the co-operative under any power in the CNL or these rules and the purchaser is registered as shareholder in the member's place.

### **3.6 Benefits of membership**

The benefits of being a member of the co-operative include:

- social and financial support, and networking
- the opportunity to invest in and support business initiatives community projects which members cannot access alone
- the capacity to potentially borrow small amounts from the co-operative when there is a dire need
- the potential of limited dividends and bonus shares when the co-operative is able to and decides to distribute surplus profits to its members
- the right to attend and vote at all general meetings of the co-operative, and the possibility of being a candidate for election to the board.

## **4 PRIMARY ACTIVITY AND ACTIVE MEMBERSHIP**

### **4.1 Primary activity**

The co-operative's active membership rule identifies the co-operative's basic reason for existence, or primary activity, as being the provision of support for business and community projects and programs.

### **4.2 Active membership**

Members must satisfy the following obligation in order to be active. Failure to comply with this obligation will mean that a member is not entitled to vote. The co-operative is required to cancel the membership of any member who has been inactive for the period of 2 years.

In order to be active, a member must:

- attend or participate in at least 1 meeting, event or initiative of the co-operative each full calendar year, and
- pay any regular subscription.

## **5 OPERATION OF THE CO-OPERATIVE**

### **5.1 Carrying on primary and other activities**

The co-operative will consider proposals from members for business and community projects. Once selected by the board, projects will be provided with a comprehensive program of support, including both non-financial advice and financial assistance. It is intended that projects will be either co-operative projects or joint ventures with members.

Importantly, the co-operative will also be a place for members and non-members to network and discuss business and community opportunities and projects. Together, combining all their education, skills, training and experience, members will create a strong platform for project success.

The types of projects and programs that the co-operative support and undertake would include, for example, childcare centres, aged care facilities and small retail businesses.

These projects would be established fundamentally on commercial terms, with a return on investment for the co-operative factored into detailed business planning and

budgeting. Clear contractual guidelines would be developed including performance indicators and milestones, and the co-operative will be able to withdraw support for a project if progress is not satisfactory. If a joint venture was undertaken with a member, a joint venture agreement would be entered into by the co-operative with the member.

It is important to highlight that membership in no way guarantees that a member's business or other project idea will be taken on by the co-operative.

The co-operative will also potentially lend small amounts to members when they are in dire need. The intention is that these arrangements would be put in place with simple loan contracts where the money and interest is to be repaid.

Initially, founding members will personally contribute to the development of the co-operative and there will not be any direct employees of the co-operative. However, it is hoped that the co-operative will develop the capacity for staffing.

Initially also, the co-operative will not require its own office space or other infrastructure. However, it is hoped that one of the initial projects could also eventually provide a hub and office for the co-operative.

It is intended that capital will be raised through shares but debentures may also be offered. There is no requirement for members to take on debentures in the co-operative.

Projects will be sought that will deliver a good return to the co-operative so that the co-operative can cover its costs and provide a return to members for their capital. The co-operative will ensure members are provided with all significant information about selected projects.

## **5.2 Details of any pre-registration contracts that have been entered into before registration of the co-operative**

There were no pre-registration contractual obligations, guarantees and indemnities, contingent liabilities, unresolved or pending law suits that would require ratification or assumption of any liability by the co-operative.

## **5.3 Details of any contracts members will have to enter into with the co-operative**

There are no contracts, including supply agreements and leasing or licence arrangements, that initially the co-operative or members will be required to enter.

## **5.4 Proposed contracts with promoters or other parties**

There are no contracts with promoters.

## **5.5 Details of any interest of proposed directors or members in any contract or proposed contract**

The promoters and the proposed directors of the co-operative do not have any direct or indirect interest in any contract or proposed contract with the co-operative.

The co-operative is committed to corporate governance best practice and will have a comprehensive conflicts of interest policy in place.

## **6 MANAGEMENT OF THE CO-OPERATIVE**

### **6.1 Board of directors**

The board has at least 7 and no more than 9 directors.

Directors must:

- be over the age of 18 years, and
- be an active member of the co-operative or a representative of an organisation that is an active member of the co-operative, and
- hold, or be representing an organisation that holds, at least 20 shares in the co-operative.

The business of the co-operative is to be managed by or under the direction of the board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.

It is an aim that the diversity of the board will reflect the diversity of the Afrika Diaspora. The board must have at least 7 but no more than 9 directors. To help maintain corporate knowledge and the focus on the long-term vision of the co-operative, at least 5 directors must come from the 14 founding members, subject to them remaining members and willing to nominate or be appointed.

The intention is that directors will not receive any remuneration for the first 5 years of the co-operative. Furthermore, any such remuneration, apart from expenses for attendance at meetings, can only be approved by the members at a general meeting. Indemnity insurance will be provided.

### **6.2 Election of directors**

The first directors were elected by poll at the formation meeting of the co-operative.

The term of office of the first directors ends at either the 3<sup>rd</sup>, 4<sup>th</sup> or 5<sup>th</sup> annual general meeting as determined at the formation meeting to allow for rotational retirement.

The term of office of directors elected thereafter commences from the annual general meeting at which they are elected and ends on the day of the 3<sup>rd</sup> annual general meeting thereafter.

A director elected at an annual general meeting to fill a vacant position arising from a casual vacancy shall retire at the same time as the director who vacated the office would have done if that director had not vacated it.

### **6.3 First directors**

The names, addresses and relevant experience of those who were nominated and elected as directors are:

Benson Mwangi Mutuanene - President

Address: 584 Forest Rd Bexley NSW 2207

Relevant Experience: Mutuanene has over 30 years' experience in diverse fields ranging from management, research in agriculture and forestry, agrochemicals sales



and operations, IT marketing, FMCG and pharmaceuticals sales; across three countries – including Kenya, South Afrika and Australia. He previously worked for Kenya Agricultural Research Institute, Farmchem Ltd (Kenya), South Afrika Pulp and Paper Industries (South Afrika) and various pharmaceutical companies in Australia. Mutuanene holds a BSc. Agriculture (Hons) from the University of Nairobi, an MBA from Buckinghamshire Chilterns University College, London and a Masters in Economics from The University of Sydney. Within the Afrika Diaspora community, Mutuanene has been actively involved in leadership and coordinating roles in different associations and related forums that seek socio-cultural and economic advancement of the people including the Kiswahili School of Sydney, Swahili Mass Community of Sydney and the Kenya Diaspora Board.

Pauline Nduku Mbondo

Address: 17 Eve Street Werrington NSW 2747

Relevant Experience: Pauline brings over 20 years of professional experience in Project Management and public administration in both the public and the private sectors with skills covering program budgeting, reporting, risk management as well as governance. Pauline has worked in Project Management as well as Monitoring and Evaluation with the International Fund for Agricultural Development (IFAD) overseeing the Rural Development Programs for Small & Medium Enterprises (SMEs) in sub-Saharan Africa. She has also worked in different private organisations supporting Program Management Office (PMO) to deliver within set timeframes and budgets. She previously worked with NAB/MLC to support the Super and Investment Simplification Program (SISP) in delivering simplified superannuation products to the customers. Pauline is currently involved in the management of Transformation Program in Westpac Banking Corporation (WBC) overseeing the risk and governance aspects as well as reporting. Pauline is a Certified Associate in Project Management (CAPM) and holds a BSc in Agricultural Economics from Egerton University, Kenya and a Masters in Economics from the University of Sydney Australia. In the Afrikan Australian community, Pauline is involved in welfare initiatives within the Kenyan community.

Richard Michael Walusimbi - Treasurer

Address: 8 Beechwood Parade Cherrybrook NSW 2121

Relevant Experience: Richard has over 17 years of professional experience as Chartered Accountant within the professional services environment and the commercial sector, with skills covering Treasury management and reporting, financial reporting, and business performance. Richard is a business enthusiast actively involved in business development within agricultural production and value chain processes. Richard is a member of Chartered Accountants Australia and New Zealand (CA ANZ) and a Fellow, Association of Chartered Certified Accountants (ACCA). He holds an MBA from Edinburgh Business School, Heriot-Watt University and a BCom from Makerere University, Kampala. In the Afrika Diaspora community, Richard is involved in voluntary community related initiatives within the Ugandan Diaspora community in Australia and he serves as a Non-Executive Director for Great Lakes Agency for Peace and Development (GLAPD).

Dr Jane Rowena Chimungeni-Brassington (PhD) - Secretary

Address: 44 Whitehaven Road Newport QLD 4020

Relevant Experience: Jane has over 30 years' experience, with expertise in natural resources management, Oceans Policy advisory and fisheries management. Jane has worked extensively in Australia and overseas for various government institutions and as a consultant. She currently works in the public service of Australia and is recognised as one of Afrika's top fisheries specialists. Jane plays an active leadership role in the community while volunteering with various organisations. Through this work Jane has educated communities on a vast array of issues including integration into the

wider Canberra society and bringing about positive social change and improving the lives of the most vulnerable.

Dr Nadine Umutoni wa Shema

Address: 18A Gwawley Parade Miranda NSW 2228

Relevant Experience:

Nadine has over 15 years' experience in public health, health program management, community development and research. She is the co-founder of the Great Lakes Agency for Peace and Development (GLAPD). She serves as the agency's Settlement Operations Manager and Public Relations Officer. Dr Shema is an overseas trained medical doctor, a public health professional and a refugee advocate. She holds a double master's degree in Public Health and Health Management (UNSW). Since her arrival in Australia in 2011, she has devoted herself to the welfare of refugees and migrants from the Great Lakes region of Afrika (mainly Burundi, Rwanda, Uganda and the D.R. Congo) by promoting peace, harmony and development among the people, both in Australia and internationally.

John Ngugi Kamau

Address: 19 Warburton Trail Lakelands WA 6180

Relevant Experience: John has over 15 years' experience in diverse fields including banking, sales, management and investments. He previously worked with Barclays Bank of Kenya Ltd, as a business banker and as Operations Manager in Safaricom dealers - Maisha Mobiles Ltd and Ecotech Communications Ltd. Currently, John is an associate financial adviser in Perth, Western Australia – working closely with a team of senior financial advisers in providing strategic advice to clients involving complex portfolio research, financial modelling, and analysis. John holds a BSc (Hons) from the University of Nairobi (Kenya), a MSc. (Actuarial and Financial Science) from Curtin University of Technology (Australia) and an Advanced Diploma in Financial Planning (ADFP) from Mentor Education (Australia). He's the founder and director of Ausiken Co-operative Society Limited (Western Australia).

Kenneth Omondi Owino

Address: 4 Brookvale Close Kenmore Hills QLD 4069

Relevant Experience: Omondi brings on board over 16 years of experience in diverse fields, including flying, working within the Australian Juvenile Justice system and youth mentoring programs, business coaching, education sales and marketing, and training of field sales representatives. Omondi started his sales career in Melbourne in 2005. In 2006, he set up and ran his own education franchise business in the Sunshine Coast and later in Brisbane. Since 2017, he has been involved in real estate and capital investments. Omondi is a graduate in Aviation studies and holds a Commercial Pilot's License. Omondi thrives in continuous self-improvement and change for the better, which fuels his business and community created initiatives wherefore, he previously served as President of Kenyans In Queensland Association for 2 terms.

## **6.4 Day to day management**

Benson Mutuanene, Jane Chimungeni-Brassington and Richard Walusimbi are jointly responsible for the day-to-day management of the co-operative.

Management is to initially be volunteer and part-time.

## 7 FINANCIAL INFORMATION

### 7.1 Projected First Year Financials

A projected income and expenditure statement and balance sheet for the first year of operation of the proposed co-operative follow.

PROJECTED FIRST YEAR FINANCIALS		
<i>Assumptions:</i>	<i>50 members, 7 directors</i>	
	<i>\$1,500 average non-director member share capital</i>	
	<i>\$5,000 average director member share capital</i>	
	<i>No entry fee or annual subscription</i>	
<b>Income and Expenditure</b>		
<u>Income</u>	Projects	\$ 50,000
TOTAL		\$ 50,000
<u>Expenditure</u>	Co-operative formation	\$ 4,000
	Project costs	\$ 40,000
	Media and communications	\$ 2,000
	Insurance, accounting and legal	\$ 2,000
TOTAL		\$ 48,000
<u>PROFIT/LOSS</u>		\$ 2,000
<b>Balance Sheet</b>		
<u>Current Assets</u>	Cash	\$ 101,500
TOTAL ASSETS		\$ 101,500
<u>Non Current Liabilities</u>	Shares	\$ 99,500
TOTAL LIABILITIES		\$ 99,500
<u>EQUITY</u>		\$ 2,000

## **7.2 Returns to members**

The intention is that generally the surplus funds of the co-operative that do not need to be retained to build up the resources of the co-operative will be distributed to members, at least initially, by dividend or bonus shares.

It should be noted that dividends are limited under the CNL and the Co-operative National Regulations (CNR) to being not more than 10% more than the maximum rate of the nominal value of interest payable on a Commonwealth Bank 5-year term deposit of \$100,000 offered during the relevant financial year.

It is also intended to reward the founding members for their work establishing the co-operative by issuing them bonus shares when assets of the co-operative have been sold at a profit or revalued at a greater value. A policy regarding these potential rewards will be developed.

It should be noted that under the CNL such bonus share issues:

- must have been approved by special resolution of the co-operative, and
- cannot be, in any period of 12 months, for more than 20% of the nominal value of the issued share capital immediately before the date of issue.

## **7.3 Accounting and auditing**

Richard Walusimbi will be responsible for the general accounting and financial functions of the co-operative.

The books of account will be available for inspection by any member during normal business hours. The co-operative's accounts will be set up using an online accounting package such as Xero. The cost of this package will be paid by the co-operative.

The co-operative will at least initially be a small co-operative, as defined in the CNL, and as such it is not required to appoint an auditor or to provide members with audited financial statements. The CNR require that a small co-operative will provide its members with basic minimum financial statements prior to each annual general meeting.

Members interested in the financial records and financial position of the co-operative are entitled to request access to these records. The co-operative will be committed to member accountability and transparency. Members have a statutory right to require that the co-operative present audited or reviewed financial statements at any time on reasonable notice.

## **8 RISKS**

The risks associated with the establishment of the co-operative include:

- If the co-operative fails to attract sufficient members or share capital to undertake its planned activities, it may not be able to commence operations and members may not be able to be repaid some or all of the share capital where these funds are utilised for formation expenses and professional costs.
- The co-operative may not make sufficient surplus to be able to pay dividends to members.
- Members may have their membership cancelled if they fail to comply with the active membership obligations under the rules.

- If a member resigns, is expelled or if his or her membership is cancelled due to inactivity or otherwise, the co-operative may delay repaying amounts owing to the former member for up to 10 years if the board considers repayment would adversely affect the financial position of the co-operative.
- Members may be required to take up additional shares where this is approved by a special resolution passed by members in a ballot with at least 75% support.
- If the co-operative winds up members may not be able to be repaid all or part of their share capital.
- Changes to economic conditions in Australia and the volatility of costs could adversely impact the co-operative.

A range of activities to mitigate the risks of the enterprise will be undertaken. A risk management framework will be developed for the co-operative to guide the mitigation of the risks of the enterprise. Appropriate insurance cover will be obtained and a work, health and safety policy developed.

## **9 FURTHER INVESTIGATION**

It is not possible for a disclosure statement to include all material relevant to the proposed co-operative's circumstances and to the circumstances of each prospective member.

Each prospective member is advised to make further enquiries (including the obtaining of professional advice) if they consider this is necessary.

## **10 DISCLAIMER OF LIABILITY**

This disclosure statement has been registered by the Registrar of Co-operatives for the purpose of section 68 of the CNL. This registration is not to be taken in any way as an indication that the disclosure statement sets out all information that may be relevant to the proposal.

Registration does not relate in any way to the merits or otherwise of the co-operative's activities. No responsibility as to the contents of the disclosure statement and the associated Rules is to be taken by the Registrar or by any of their servants or agents.

The responsibility for ensuring that the CNL has been complied with in relation to the preparation of the disclosure statement lies with those issuing the statement. Persons making false or misleading statements in a disclosure statement may be liable for criminal penalties and expose themselves to civil liability to anyone who suffers loss as a consequence.