



# THE BYE-LAWS

**FREE INTEREST**



STATE REG: 18753

**ALLENIBORO INTEREST FREE MULTIPURPOSE  
CO-OPERATIVE SOCIETY LIMITED**



RC. 6991311

# **ALLENIBORO ISLAMIC MULTI-PURPOSE INVESTMENT LIMITED**

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**A MUSLIM FREE INTEREST INVESTEMENT  
AND CREDIT SOCIETY**

# **BYE-LAWS**

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*In the name of Allah the Beneficent the Merciful*

***Preamble***

Man is created by God as His *Khalifah* on earth. To effectively and efficiently cope with challenges of the world, HE permits productive enterprise of trade for mutual benefits but forbid interest (Q2:275-278) the divine principles regulating economic cooperative emphasize justice, quality, transparency and avoiding injury to mankind (Q2:188).

Based on the understanding of the above principle we do hereby form ourselves into an interest-free Islamic Multipurpose Investment Limited in furtherance of our individual and collective economic goal.

## CHAPTER ONE

### 1.0 INTERPRETATION

#### 1.1 DEFINITION

All words and expression used in this Bye-Law shall have the meaning ascribed to them and as the case may be, as define by Section 2 of the Northern Region Cooperative Society's Law No. 9 1956.

#### 1.2 IN THIS BYE-LAW:

- (i) **“Committee”** means an appointed body of persons within the society to whom specific duties are assigned or delegated by the society.
- (ii) **“Community leader”** means leader of any Muslim community or of a communal group in the area of operation of the co-operative society.
- (iii) **“Dividend”** means profit accruing from business undertake by the society over a period of time (usually 12month) which is then shared among members according to the percentage of their shareholding.
- (iv) **“Financial year”** means the period of twelve month beginning on the 1st Muharam and ending the 15<sup>th</sup> dhul-hijjah adopting the Al-Barkah foundation annual Hijri calendar.
- (v) **“Management committee”** means the governing body of the society to whom the general management of it affairs is entrusted.
- (vi) **“Officers”** which the members of the management committee or any other person or persons empowered under these bye-laws to give directive in regard to the business of the society.
- (vii) **“Person”** includes company or association or body of person cooperate or incorporate.
- (viii) **“Registrar”** means the director of Co-Operative Societies, Kwara State of Nigeria.
- (ix) **“Regulation”** means regulations made under the law and the bye-law as may be amended from time to time.
- (x) **“Rules and Regulation”** means the set of principle made by various committees that may enhance their operation as empowered by this bye-law.
- (xi) **“Shurah committee”** means a body of members with proven probity, integrity and experience appointed for the purpose of conducting selection/election for the society.
- (xii) **“The Law”** means the northern region Cooperative society law No. 9 of 1965 (as may be amended from time to time).
- (xiii) **“Al-Mudarabah”** means a business relationship in which a party (*rabb al-māl*) contributes the capital and the other party (*Mudarib*) entrepreneurship, with a predetermined share of profit while the loss it borne solely by the capital provider except in case of negligence or violation of the terms of the contract by the *Mudārib* and more particularly detailed in the first schedule to this bye-law.

- (xiv) **“Ijarah”** means lease contract generally for long term financing requiring Shariah compliant tangible assets like property and machinery susceptible to lease.
- (xv) **“Istisnā”** means a medium-term mode of financing manufacturing goods and commodities whereby the manufacturer (seller) agrees to provide they have been manufactured/constructed in conformity with that description within a predetermined time-frame and price.
- (xvi) **“Muraba’ah”** means sale of good with an agreed upon profit mark-up on the cost. Islamic banks operate the products either to the purchase order of the customer or without purchase order.
- (xvii) **“Mushārah”** means financing technique adopted by the society by which the society participates in business enterprises by contributing a capital which is mixed with other capital. Profit is shared in un-exploitative pre-agreed ratio while loss is borne in the ratio of parties’ contribution to the business.
- (xviii) Ordinary savings/ monthly capital.
- (xix) **“Salam”** means sale agreement involving advance payment for goods that are to be delivered later. It is Shariah exception to the general rule against sale of non-existent goods.
- (xx) **“Parallel salam”** a type of *bai’salam* where a purchaser of agricultural commodity enter in to a secondary contacts with another party to supply the commodity and thus recovers its investment with some profit or loss.
- (xxi) **“Sukuk”** Investment certificates, an asset-backed bond which is designed or structured in accordance with Shariah and may be traded in the market.

## 1.2 CLARIFICATION

If there shall arise any doubt or controversy regarding the meaning or intention of these bye-law, the matter shall be referred to the Shariah council of non-interest co-operative societies, then to the registrar.

## CHAPTER TWO

### 2.1 NAME, ADDRESS AND AREA OF OPERATION

(i) The society shall be called:

**ALLENBORO INTEREST FREE MULTIPURPOSE CO-OPERATIVE LIMITED.**

Its Address shall be: Lawal's Hall, (Alabi Alasa) Baba-Isale Compound, Idi-Ape Ilorin Kwara state.

(ii) **AREA OF OPERATION**

The area of operation of this society shall be: **Nigeria.**

## CHAPTER THREE

### 3.1 OBJECTIVES

(1) The overall goal of this society is to empower members to realize their economic goal by:

Sensitizing members of the economic opportunities available in their Local, National and International Environment.

(2) The provision of facilities for regular thrift savings by members without such savings being removed from their control.

(3) The procurement of consumer goods at reasonable prices for distribution to members.

(4) The creation of funds to be lent to its members without charging any interest for provident.

(5) Any other measure designed on cooperate principles to encourages among its members the spirit and practice of thrift, help and self-help.

(6) Inculcating the spirit of productive and consumer economic enterprises in the minds of members.

(7) Promoting the economic interest of the members by making available necessary facilities that will make them release their economic dreams.

(8) Facilitating members' access to capital for the attainment of economic goal.

(9) Partnering with members in attainment of their economic goals.

(10) Engaging in any other Shariah compliant economic activities that may increase earning capacity and ultimately improve the living standing of members.

(11) All the activates of the society shall be carried out within the dictate of the Shariah.

## **CHAPTER FOUR**

### **4.0 MEMBERSHIP AND LIABILITY**

#### **4.1 THE MEMBER SHALL CONSIST OF:**

- (i) Person who join the application for registration.

#### **4.2 QUALIFICATION**

- (i) Person admitted shall not be less than 18years of age.
- (ii) Be resident within, or in occupation of land within, the registered societies area of operation as described in the bye-laws.
- (iii) Share the desire to promote god-centered economic principle.
- (iv) Membership of any other society with the primary object of which is to grant loan to its members and whose (borrowing) activities must be known to us.

#### **4.3 ADMISSION**

- (i) Application for membership shall through the completion of the necessary prescribed from (s);
- (ii) Every member on admission shall pay an application fee as applicable at the time of registration.
- (iii) Provided that every application for membership shall be approved or refused by the management committee which shall in the case of refusal, state its reasons in writing.

#### **4.4 LIABILITY**

- (i) The liability of members for the debts of the society shall be limited to members' saving only.
- (ii) A past members shall be liable for the debts due by the society as they existed on the date when he ceased to be a member.
- (iii) The estate of a deceased member shall be liable for the debts due by the society as they existed at the date his membership is terminated. Provided that his heirs notified of such liability not later than two years from the date his membership is terminated.

#### **4.5 NEXT Of KIN**

Every member shall give at least a name each of persons related to him/her by blood and by marriage who qualifies as his/her heir in accordance with the Islamic injunctions, to take over his/her asset/liability to the society.

#### **4.6 DECLARATION OF OBLIGATION**

- (1) Every member shall, on joining the society the render to the management committee a true and complete statement of his indebtedness outside the society for advisory purpose and to enhance Smooth running of the society.



**4.7 TERMINATION OF MEMBERSHIP**

Membership shall be terminated by:

- (1) Death;
- (2) Permanent insanity;
- (3) Expulsion by two- thirds majority of a general meeting
- (4) Completely withdrawing ordinary saving and any other deposited.

**4.8 EXPULSION**

- (1) A member may be expelled for:
  - (i) Repeated failure to make savings
  - (ii) Repeated failure to pay debts due from him/her to the society.
  - (iii) Conviction of the criminal offence involving dishonestly.
  - (iv) Misconduct or other acts contrary to the state object of the society.
- (2) No member shall be expelled except after his offence must have been communicated to him in writing and for which he has no satisfactory defense.

**CHAPTER FIVE**

**5.1 SOURCES OF AND CONDITIONS FOR WITHDRAWAL OF FOUND**

**(A) SOURCES OF FUND**

The sources of funds of the society shall include:

- (1) Interest-free counterpart fund from governmental and non-government agencies for the execution of the society projects.
- (2) *Halal* financial assistance from governmental, non- governmental organization and donor agencies
- (3) Registration fees (non-refundable)
- (4) Deposits and loans.
- (5) Surplus arising out of the business of the society.
- (6) Administration weekly dues/charges as may be levied from time to time.
- (7) Members savings Share and investment
- (8) Proceeds from sale of forms, constitution passbook and files e.t.c. As applicable at the time of registration.
- (9) Miscellaneous sources (s) approved by the Shariah council, then the register;

**(B) FINANCIAL PRODUCTS**

The society shall engage in any of the following financial products:

- (1) Murabaha (Cost plus Sales)
- (2) Mudarabah (Sleeping partnership)
- (3) Musharakah (Active partnership)
- (4) Ijarah (Leasing)
- (5) Salam and Parallel Salam (Forward sales)
- (6) Istisna (Manufacturing Businesses)
- (7) Sukuk (Securities)
- (8) Other Shariah compliant financial products

## **5.2 CONDITIONS FOR WITHDRAWAL OF FUND**

- (1) Ordinary savings: no member shall have a right to withdraw part or all of his ordinary savings excepts on termination or final withdrawal of membership from the society.
- (2) Deposited can be withdrawn provided a written notice of at least one (1) month is given to the management committee.
- (3) In addition to the service charge, member (s) intending to procure loan shall pay the charges like cot e.t.c. on withdrawals.

## **5.3 SHARE HOLDING**

Every member shall hold an annual minimum share of five thousand units which shall not be transferable except to the legal heirs as stipulated by the Shariah.

## **5.4 PAYMENT FOR SHARES**

Except for members' first annual shareholding which shall be paid on registration, shares may be paid up in one or more installment within the current year.

## **5.5 EMPLOYMENT OF FUNDS**

The funds of the society shall be devoted only the promotion of its stated objectives or other purpose as may be approved by the general meeting and/ or the registrar in compliance with Shariah principle.

## **5.6 WITHDRAWAL OF SHARES**

Shares shall not be withdrawn except for members whose membership has terminated.

## **5.7 LIMITED ON SHARE HOLDING/RESTRICTION OF MEMBER OF THE SOCIETY**

No member shall hold more than One-fifth of the total number of shares declared. Any members in default of the share qualification requirement shall have his/her savings account debited accordingly for the said amount at the end of the year.

## **5.8 DEPOSITS AND LOANS FOR NON MEMBERS**

The society shall not incur any liability towards non-members in excess of a sum exceeding 1000% of the total aggregate value of the paid up shares capital, all reserves and thrift savings, and shall not begin to accept any such deposit or loans from non-members without written permission of the registrar.

Provided that the society may borrow from a cooperative central financing organization of which it is a member to the extent laid down in the bye-laws of such organization.

## **CHAPTER SIX**

### **6.0 CONSTITUTION AND DUTIES OF GENERAL MEETING**

#### **6.1 AUTHORITY**

The ultimate authority of the society shall lie in the general body of members who meet from time to time and at least once in a month to reviews and direct the work of the society. Provided that incase of institution, meeting at least once in year shall suffice.

#### **6.2 QUORUM:**

- (1) The presence of at least one fourth of the members shall be necessary for the disposal of any business at a general meeting provided that where the total numbers of members exceed 100, Twenty-five (20) members shall suffice.
- (2) If no quorum within one hour of the slated time for the meeting the meeting shall be adjourned for a period not less than 7days or more than 15 days. The numbers of members present at any such reconvened meeting shall form a quorum, regardless of the numbers present.

#### **6.3 ANNUAL GENERAL MEETING (AGM)**

Annual general meeting (AGM) shall be held not later than Rabi'ul Awwal of each year after the annual statement of account had been prepared and approved by the management, supervisory committee, Shariah supervisory committee and audited by the supervising ministry.

#### **6.4 LANGUAGE OF MEETING**

The language of meeting shall be any of the language prevalent in the area of operation of the society or English language.

#### **6.5 DUTIES OF AGM**

The duties of the AGM shall be

- (1) To receive reports and statement of accounts from the management and other committees on the preceding year's working of the society.
- (2) To decide upon the disposal of the surplus in accordance with the provisions of the by-laws;
- (3) To consider any communication received from the register and
- (4) In case of election year, to elect new executive members and various committees of the society.

#### **6.6 THE DUTIES OF ORDINARY GENERAL MEETING (OGM)**

The ordinary general meeting shall be:-

- (a) To transact the ordinary business of the society.
- (b) To dispose of any other matter brought before it, pursuant to the objects of the society.
- (c) To approve the appointment of members of various committees made by the management committee for the running of the business of the society.
- (d) To suspend or remove officers and members of the committee.
- (e) To ratify the admission or expulsion of members.
- (f) To amend or repeal any existing bye-law or enact a new one in accordance with the provision of bye laws.

**6.7 SPECIAL GENERAL MEETING (SGN)**

A special general meeting may be called at any time by the registrar, a majority of the management committee or supervisory committee or the chairman on the written request of at least One-fourth of the members of the society, if there are less than One hundred members or by Twenty-five members, if there are more than hundred members.

**6.8 ATTENDANCE OF MEETING BY MEMBERS.**

- (1) Attendance of AGM, OGM and SGM by all members is mandatory, except for justifiable reasons communicated to the management committee in writing before the commencement of the meeting.
- (2) The management, supervisory and other committees shall meet at least once a quarter to dispose of the business of the society.
- (3) Failure of a member(s) to attend meetings without justifiable reason shall attract a fine to be fixed by the management committee of each society.

**CHAPTER SEVEN**

**7.0 ELECTION OF MANAGEMENT AND OTHER COMMITTEES**

- 1. For the purpose of the selection and appointment of the management committee, a Shurah Committee shall be constituted.
- 2. The Shurah (Electoral Committee) shall be elected by the members at the AGM of Election year and it shall consist of either 5 or 7 members. Provided that no member shall qualify for nomination into Shurah committee except his/her membership of the society is not less than 12 month and he/she meets the qualities specified in section 1.2 (xi) of this bye-law.
- 3. The Shurah (Electoral Committee) shall elect a secretary and chairman amongst itself and conduct the election of the approved nominated executives in accordance with the Shariah. The elected executives shall thereafter nominate/appoint the various committee members.
- 4. The Shura committee shall be sworn-in as soon as it's appoints its chairman and Secretary.

**7.1 ELECTORAL PROCEDURE**

- (1) The Shurah Committee shall dissolve the management committee and immediately call for nomination from members into the vacant offices.
- (2) Any member of the Shurah can as well be nominated as part of the management committee. Provided that such nominated Shurah member shall not be part of the decision on his own appointment.
- (3) After receiving nominations, the Shurah committee shall go into closed door session to appoint from the nominated members into the vacant offices. Provided that where no nomination is made in respect of a particular office, the Shurah committee shall have power to use its discretion to fill the office.
- (4) The Shurah committee shall announce the names of the appointed members upon completion of its exercise and their swearing-in shall immediately, whereupon the Shurah committee shall stand dissolved.

**VOTING RIGHT OF MEMBERS**

Subject to the provisions of this bye-law all questions EXCEPT election of members of management committee shall decide election of management committee shall be decided by a majority vote of members present. Each member shall have one vote only. The Chairman shall have a casting vote which he can exercise when there is a tie.

**TENURE OF OFFICE**

The tenure of office of the management committee shall be for four years at the end of which the committee shall be dissolved.

**CHAPTER EIGHT**

**8.0 OFFICERS OF THE SOCIETY AND THEIR MEMBERS**

**8.1 OFFICERS**

There shall be an Executive committee which shall be responsible for the management of the society and the composition shall be as follows:

- (i) **Ameer** (Chairman/President)
- (ii) **Naib Ameer** (Vice Chairman/Vice president)
- (iii) **Amin-‘Am** (Secretary)
- (iv) **Naib Amin-‘Am** (Assistant Secretary)
- (v) **Aminus-Sunduq** (Treasurer)
- (vi) **2 Uduwani Bi Hulkmil-Mansib** (Ex-officio members)
- (vii) **Final** (Police)

**8.2 DUTIES OF THE OFFICERS**

**(A) AMEER (CHAIRMAN/PRESIDENT)**

The chairman shall preside at all General/Management committee Meetings of the society and shall have powers to convene meetings. In the absent of the chairman, the vice chairman if any, shall be the chairman and as such shall have all powers of the chairman. In the absence of both, a member of the management committee shall be elected chairman of the meeting.

**(B) NA'IB AMEER (VICE CHAIRMAN/VICE PRESIDENT)**

The Vice-Chairman who shall act in the absence of the Chairman or when he is delegated to act for the chairman. He shall perform the duties to the chairman and as such shall have all powers of the chairman. In the absence of both the chairman and the vice-chairman, a member of the management committee shall be elected chairman of the meeting.

**(C) AMINUS-SUNDUQ (TREASURER)**

The treasure shall take charge of all monies received by the society and shall make disbursement in accordance with the directives of the Management committee. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the Register or his representatives and at every general meeting. He shall deposit all funds over the limit fixed as impress by the General Meeting in any bank approved for the purpose by the general meeting. All such sums shall be deposited in the bank in the name of the society.

**(D) AMIN 'AM- (SECRETARY)**

The secretary may receive pay or honorarium with the approval of the general Meeting. The secretary shall keep and maintain correctly and update the prescribed books and registers. He shall procure from borrowers the due execution of bonds with security. The Secretary shall prepare all receipts, Vouchers and documents required by the regulations or Bye-Laws or called for by the Management committee. How shall sign on behalf of the society and conduct all its correspondence. He shall summon and attend all meetings, record proceedings of such meetings and have them duly signed along with the chairman. He shall prepare and submit to the Management committee the annual accounts and statements of accounts and certified copies of entries in books.

**(E) NAIB AMIN (ASSISTANT SECRETARY)**

The Assistant secretary shall assists the secretary in carrying out any of the duties under the above and such other duties as may be directed by the Management Committee.

**8.3 TRUSTEES**

- (i) The President, The Secretary and the treasurer shall be the trustee, of the society. It shall be their duty to sign on behalf of the society all cheque and legal documents including those concerned with transfer of funds, acquisition and disposal of the society's property.
- (ii) To deposit money or balance collected at general meeting at the society's Bank within 72 hours.
- (iii) The paid secretary and any other employee considered necessary may be required to give security in such amount as the committee may from time to time determine.

## **CHAPTER NINE**

### **9.0 CONSTITUTION AND DUTIES OF THE COMMITTEES.**

**9.1** There shall be four committees for the effective running of the society's activities, viz:

- (a) Management Committee
- (b) Credit/ Loan committee
- (c) Business committee
- (d) Supervisory committee
- (e) Shariah/ Supervisory committee

### **9.2 MANAGEMENT COMMITTEE**

Subject to the law, the bye-laws and the resolutions of the general meeting, the executive management of the society shall be vested in the Management committee.

### **9.3 CONSTITUTION OF MANAGEMENT COMMITTEE**

The Management committee shall consist of at least seven members, including the President, Vice President, Secretary, Assistant Secretary, Treasure and two Ex-Officio Members. The members shall be elected for two years at the Annual General Meeting.

### **9.4 MEETINGS**

Meetings of the committee shall be held when necessary and at least once in a month. The attendance of at least four numbers shall be required for the dispose of any business.

### **9.5 POWERS AND DUTIES**

The committee shall exercise all the powers of the society except those reserved for the general meeting. Subject to any regulations or restriction duly laid down by society in a General Meeting or in the Bye-Laws; the committee shall in particular have the following powers and duties:

- (i) To observe in all their transactions the law, the regulations and the Bye-laws:
- (ii) To ensure the maintenance of true and accurate accounts of all money received and expended and all the assets and liabilities of the society.
- (iii) To keep a register of members correctly and up to date.
- (iv) To lay before the Annual general Meeting an income and expenditure account and an audited balance sheet;
- (v) To examine the accounts and the contingent expenditure as well as supervise the maintenance of the prescribed registers;
- (vi) To consider the inspection notes of Government co-operative staff and take necessary action:
- (vii) To admit new members subject to the confirmation of a general meeting.

- (viii) To summon General meetings;
- (ix) To institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the society or committee or its officers or employees in the matters concerning the affairs of the society;
- (x) To take necessary action regarding debtor or delinquent loans.
- (xi) To approve the recommendations of the loan/credit and business committees on the management of the society's loan and business.
- (xii) To generally carry on the business of the society, to watch over the interest of the society and to set example of keenness and cooperative spirit to the other members of the society.

**9.6 CREDIT/LOAN/COMMITTEE**

The Credit/Loan/Committee shall consist of five (5) members. Three of the members shall be elected for two year by the AGM, while the secretary and the treasurer are automatic members. A quorum shall consist of three (3) members. Meeting shall be held on the call of the Chairman from time to time as the business may require or at the request in writing of at least (2) two members of the committee.

**9.7 DUTIES OF THE CREDIT/LOAN/COMMITTEE**

- (i) To receive and consider applications for loans and examine them against the background of the financial conditions, personal habits, previous record of borrowing, purpose of loan, ability to repay fully and promptly and the character and financial standing of the sureties and terms of such deposits or loans in compliance with the Bye-Laws.
- (ii) To decide on the terms of re-payment in granting loans.
- (iii) To call for at a regular intervals, comparative statement of loans, analysis of delinquent loans and reasons for them in order to evaluate the quality of their work;
- (iv) The committee shall present its recommendations to the management committee for approval.

**9.7.1 COMPOSITION**

- (i) There shall be established under the bye-law a committee to be known as business committee.
- (ii) The business committee shall be constituted by the vice chairman, the treasurer, a representative of the major shareholders and (2) other members of the general assembly to be appointed at the annual general meeting.
- (iii) The Vice Chairman shall serve as the chairman while the secretary shall be appointed among other members.
- (iv) The Business Committee could co-opt any member deemed fit for effective disposal of its business in the interest of the society.



**9.8 FUNCTIONS OF BUSINESS COMMITTEE**

- (i) To make proposals of business ventures to be undertaken by the society.
- (ii) To decide the terms of purchase and sale of any goods or stock which the society may require for its members and to arrange for the safe custody of such assets while in stock.
- (iii) To carry out business ventures transactions on behalf of and in interest of the society.
- (iv) To enter into the contractual relationships on behalf of and in the interest of the society. Provided that the Shariah supervisor shall examine the Shariah compliance of the terms and conditions of such contractual transactions. Provided also that the Proposals, Recommendations of terms and Contractual activities shall be subject to prior approval of the management committee.

**9.9 SUPERVISORY COMMITTEE**

- (1) At the Annual General Meeting there shall be elected a three (3) members supervisory committee, at least one of whom must have a background knowledge of accounting or auditing. The committee shall:
  - (i) Meet at least once every three months to make or cause to be made, an examination of the affairs of the society which shall include an audit of its books and an inspection of the securities, accounts and loans.
  - (ii) Ascertain that all actions of the Management committee and any other committee are in conformity with law, Regulations and the Bye-Laws of the society.
  - (iii) Make a written report to the Annual general Meeting of its findings following each examination,
  - (iv) Make an annual audit and a written report and submit same to the Annual general Meeting.
  - (v) Compare the passbooks of members with the account of the Treasurer annually. They shall pay attention to the following check list:
    - (a) Is a receipt issued for every item of cash received?
    - (b) Is there a payment voucher for every amount paid out?
    - (c) Is too much cash kept on hand?
    - (d) Are any unused Cheque on hand signed in black?
    - (e) Is the cash book balanced regularly (Daily, Weekly and Monthly)?
    - (f) Are all expenses approved by the Management committee and vouchers signed by the president?
    - (g) Are the members' balance complied monthly?
    - (h) Do those balances agree with the general control account?
    - (i) Are the minutes signed by the chairman and Secretary?
    - (j) How many loans are delinquent?  
Name: .....  
Amount: .....
  - (k) How many loans are overdue within the year?
  - (l) What actions are being taken to recover them?
  - (m) Does the society carry a burglary and robbery Shariah compliant insurance?
  - (n) Has the auditor's report been read and discussed at a meeting of the management committee?

- (vi) The supervisory committee shall have the power to recommend the suspension of any or all members of the management committee or to call a special meeting of the society to consider any violation of the bye-laws of the society.

**9.10 SHARIAH SUPERVISORY COMMITTEE**

- (1) There shall also be appointed a Shariah Supervisory Committee who shall:
  - (i) Examine, approve or disapprove the Shariah Compliance of every newly designed financial products of the society before authentication by the Shariah Supervisory Council.
  - (ii) Conduct a periodic examination of the product and practices of the society with a view to ascertaining their Shariah compliance.
  - (iii) Report any lapses immediately to the supervisory Committee for prompt rectification and/or sanction as the case may be.
  - (iv) Certify the Shariah compliance of the activities of the society on the annual reports before adoption by the AGM.

**9.10.1 SHARIAH SUPERVISOR**

- (1) A member of the Shariah Supervisory Committee shall be appointed as Shariah Supervisor who shall.
  - (a) Have access to all the books, documents and records of the transactions of the Society
  - (b) Examine the records referred to in (a) above from time to time as well as the day to day transactions of the Society with a view to determining their Shariah compliance.
  - (c) Be consulted for Shariah opinion on the daily transactions of the society.
  - (d) Report any lapses immediately to the Shariah Supervisory Committee for necessary action.

**9.11 DISQUALIFICATION AND REPLACEMENT OF MEMBER OF THE COMMITTEE**

- (1) A member of the committee shall cease to hold office if he:
  - (i) Becomes of unsound mind.
  - (ii) Lends money on his own account.
  - (iii) Becomes financially embarrassed.
  - (iv) Becomes a paid servant of the society.
  - (v) Acts in a manner prejudicial to the interest of the society.
  - (vi) Withdraws his membership.
  - (vii) Ceases to live or work within the area of operation of the society.
- (2) Any vacancy arising due to death, removal, withdrawal or transfer (in case of public servant secondment) of any officer shall be filled within two weeks by a member elected by the Management Committee subject to ratification by the house at the next general meeting.

## **CHAPTER TEN**

### **10.0 LOAN**

**10.1** Loan shall be made for provident/consumer and productive purpose not in contravention of the Islamic dictates, upon such security and terms, as the management committee shall approve through the recommendation of the loan/credit committee.

### **10.2 APPLICATION FOR LOAN**

Application for loans shall be on prescribed forms prepared and furnished by the loan committee. The application shall set out the purpose for which the loan is desired; the security (if any), and such other data as may be required. Applicant shall obtain loan form (s) at the rate applicable at the time of application.

### **10.3 TYPES OF LOAN**

The credit/Loan committee shall have the power to recommend the following type of loan:

- (i) Emergency Loan (Lower Basic Loan, Basiri)
- (ii) Regular Loan (Upper Basic Loan)
- (iii) Commodity Loan (Marketing)
- (iv) Advance Loan (Additional Loan)

### **10.4 CONDITIONS GOVERNING LOAN**

No Loan shall be granted:

- (1) To any individual other than members of the society.
- (2) To New member who is not a financial member for at least a period of six consecutive months.
- (3) For a period exceeding twelve to twenty four calendar months subject to amendment from time to time by the management committee.
- (4) If it would bring a member's total indebtedness at the time of the loan to an amount exceeding the maximum credit limit.

### **10.5 ADMINISTRATIVE CHARGES ON LOAN**

Except for the expenses actually incurred by the society while processing a loan which shall be computed into service charge, no prorated administrative charge shall be levied on a borrower by the society. Bank charges on Transaction (COT) shall also be borne fully by the borrower.

### **10.6 GRANTING LOAN**

- (a) Regular Loan of 200% or where applicable 300% total thrift savings shall be granted to members who have spent not less than six months with the society.
- (b) Members shall be eligible for emergency loan of 10-20% of his total thrift savings payable in one month from the month of collection. However, priority shall be granted to emergency loan before regular loan.

**10.7 REPAYMENT OF LOAN**

- (a) There shall be NO INTEREST on loans received by member
- (b) Emergency Loan shall be repaid within one month
- (c) Regular loan shall be repaid within 12-36 months, this is subject to review.
- (d) Thrift savings of borrower shall be converted to offset the outstanding loan after the stipulated repayment period. If borrower’s savings is less, sureties shall be made to pay the balance from their savings.
- (e) In case of default in more than two installment repayment of loans without good reason, the Loan Committee shall have power to cancel the loan and recover the outstanding balance immediately.
- (f) If as a result of a member’s default in repayment of his loan the society incurs any expanses, the defaulting member shall be made to pay back the extra cost incurred to the society.
- (g) The Management Committee may use its discretion to recover loan from delinquent debtor(s).

**10.8 SURETIES**

- (i) The Management Committee/Loan Committee may use its discretion in accepting a member to stand surety.
- (ii) Every surely must have total thrift saving enough to cover 50% of the borrower’s loan requirement. However, a surety cannot stand as surety for more than two (2) borrowers at a time.

**10.9 DUTIES OF SURETIES**

A surety must be a reputable member of the society and shall personally guarantee:

- (1) Repayment of loan if the borrower defaults;
- (2) That the loan is used for the purpose stated by the borrower in his application. Misuse of the loan shall be reported by the surety to the committee immediately;

**10.10 RECALL OF LOAN**

All loans shall be issued subject to the society’s right to call for immediate repayment if:

- (a) Any Misapplication is proved
- (b) The borrower gives an indication of resignation
- (c) The borrower persistently defaults for period of over three months

**10.11 LOAN TO ANOTHER SOCIETY**

Subject to prior approval of the registrar, an interest-free loan may be granted to another registered society.

## **CHAPTER ELEVEN**

### **11.0 CUSTODY AND USE OF FUNDS**

#### **11.1 CUSTODY OF FUND**

- (i) The funds of the society may be deposited with the approval of the management committee in any Islamic Banks or any other commercial Banks, State Banks and Trust Companies operating Islamic Account and in the absence of such Banks or accounts, in a current account of any other commercial Banks, State Banks or Trust Companies or in other cooperative financing society organized in accordance with the ordinance and operating with the same objective with the society and in which the society is eligible to hold membership.
- (ii) The society's bank accounts shall be Trustee Account. Before money is withdrawn from the Bank account, the Cheque or withdrawal slips shall be signed by at least the President and one of either the Secretary or the Treasurer.

#### **11.2 USES OF FUND**

- (i) The funds of the society not exceeding 90% of total fund, excluding the shareholders capital, shall be set aside for servicing loan.
- (ii) Such funds of the society not exceeding 30% of the total fund (as are not required for current use) shall be invested in any manner permitted by the law or Islamic Law and approved by the registrar.

#### **11.3 APPROPRIATION**

Such funds of the society not exceeding 5% of the total profit of the preceding year and the administrative charges shall be utilized for the running cost of the society.

## **CHAPTER TWELVE**

### **12.0 PROFIT AND LOSS**

#### **12.1 SHARING FORMULA**

- (i) Profit or Loss at a rate to be fixed by the management committee in accordance with Islamic Law and this Bye-Law may be shared by the member on the basis of income or loss earned during the year.
- (ii) When the amount appropriated to the reserve fund equals total N20, 000, 000 no further contribution shall be made to the reserve account. The reserve fund shall belong to the society and no member is entitled to claim a specific share in it. It shall not be utilized in the business of the society, but shall be vested in another Islamic cooperative society that may spring up in the area in future or Islamic micro-finance bank.

#### **12.2 EDUCATIONAL FUND**

Not more than 2.5% of the society's net profit shall be used for the training and re-training and re-training of co-operative members.

#### **12.3 DISPOSAL OF SURPLUS**

The annual net surplus of the society shall be appropriated in the following manner

- (1) Not less than 25% to the reserve fund unless a lower percentage is prescribed under the law
- (2) 2.5% to the education fund
- (3) Such honoraria, dividend, donation or other appropriations as maybe decided upon by the general meeting

#### **12.4 DIVIDEND**

Subject to the provisions of this bye-law, a percentage of the income earned during the year shall be declared at the AGM as divided after all deductions and shall be distributed based on individual member's shareholding.

## CHAPTER THIRTEEN

### 13.0 AUDIT AND SUPERVISION

- (1) Audit and supervision fees at the rate assessed by the registrar and published in the Kwara State of Nigeria Gazette shall be paid annually to the Kwara State Government not later than thirty-first day of December.
- (2) The Internal Auditors shall be the supervisory committee, WHEREAS External Auditors shall be:
  - (i) Government Auditors from Ministry of Commerce, and/or
  - (ii) Auditors from LGA or State or National association of Islamic Co-operative Society.

## CHAPTER FOURTEEN

### 14.0 BOOKS AND ACCOUNTS

**14.1** Accounts and records shall be maintained in the forms prescribed by the registrar and shall include the following:

- (i) **The Pass Book** showing particulars of member's personal account with the society as shall be prepared monthly so that every member shall have access to it for verification at every meeting.
- (ii) **Member and attendance register** which shall contain the name, address, post/rank of every member and date of admission to membership, the nominee and the member's attendance at meetings.
- (iii) **Cash Book** showing the receipt, expenditure and balance on each day business is done.
- (iv) **General Ledger** a book or page with columns for debits and credits, on which financial records are transcribe.
- (v) **Personal Ledger** with accounts for each member depositor creditor.
- (vi) **Loan Register** showing installments of repayment of loans
- (vii) **Minute Book** for proceedings of general and committee meetings;
- (viii) **Loan Bond file** containing bonds of all loans issued;
- (ix) **Cash receipt** evidencing all money received by the society.
- (x) **Payment Voucher** showing all payments made by the society.
- (xi) Such other records as may be prescribed by the register.

### 14.2 INSPECTION OF BOOKS

The books, account, registers and papers of the society shall be opened at all reasoned times for inspection by member and any accredited cooperative officer. Provided that no person other than an officer or committee member of the society or a cooperative official shall be allowed to inspect the personal account of another member without that members consent. Copies of the law, the regulations and of this Bye-Law shall be available for inspection at the registered address of the society at all reasonable time.

## **CHAPTER FIFTEEN**

### **15.0 DISSOLUTION AND DIVISION OF THE SOCIETY**

#### **15.1 SPLITTING OF THE SOCIETY**

1. At any time, the registrar may, on the written request of not less than one fourth of the member, (the number not being less than 25 or when the membership exceeds 200, on the written request of at least 50 members), authorize such members to form themselves into a separate society of the same type and to this effect, the original society shall transfer the total savings of those members and proportionate amount of its funds and liabilities.
2. The purpose of splitting shall be for administrative conveniences.
3. The trustees of the new society shall be selected by the parent society.
4. The split society shall be supervised for not less than 6 month after which elections shall be held into various offices.
5. The split society is to be accountable to the union joint management committee.
6. Each of the societies shall maintain separate account.

#### **15.2 DISPUTE, LIQUIDATION AND DISPOSAL OF FUNDS**

##### **(I) DISPUTES**

Any dispute arising in or concerning the society, its members (past or present) or persons claiming through them shall be referred to the Shariah council, then the register for settlement by arbitration and the court as the last resort.

##### **(II) LIQUIDATION**

The society shall not be liquidated except by order of the registrar in accordance with sections 42 and 43 of the law, in case there is any surplus after meeting all liabilities of the society and repaying all sums at the credit of members, such surplus shall be disposed off as decided by the general meeting with the approval in writing of the registrar.

##### **(III) DISPOSAL OF FUNDS**

On the dissolution of the society, the reserve and other funds of the society shall be applied:

- (a) To discharging the liabilities of the society, and
- (b) To the repayment of the share capitals paid up.

##### **(IV) SURPLUS AFTER SETTLEMENT OF LIABILITIES**

Any surplus arising after all liabilities are settled shall revert to the Muslim community under which the society was initially floated (if any) or to the Association of Islamic Cooperation society of the registrar who shall keep same in non-interest yielding bank account until another similar society is floated when the surplus will be credited to the reserve fund of the new society.

### **15.3 MISCELLANEOUS PROVISIONS**

#### **(I) AFFILIATION TO LGA AND STATE ASSOCIATION OF ISLAMIC CO-OPERATION SOCIETY**

Unless there are reasons to the contrary, accepted by the registrar, the society shall affiliate itself at the earliest possible time to any credit union formed in its area of operation.

#### **(II) MANAGEMENT OF THE ASSOCIATION OF ISLAMIC COOPERATIVE SOCIETIES (THE UNION)**

- A.** 1. There shall be established, as the number of existing Islamic Cooperative Societies may require, a body (ies) to be known as Association(s) of Islamic Cooperative Societies (The Union)
2. The Union shall consist of three organs namely:
- (a) The Executives Officers
  - (b) The Shariah Supervisory Council and
  - (c) The congress of the delegates
3. The Union shall be under the management of the executive officers comprising of:
- (a) President
  - (b) Vice-president
  - (c) General Secretary
  - (d) Treasurer
  - (e) Assistant General
  - (f) Two-Ex-Officio Members
4. (i) The Shariah Supervisory Council shall be constituted by not less than five(5) experts of Islamic Financial Law to be sourced from the Shariah Supervisory Committees of the Societies forming the Union.
- (ii) Where no such experts exist at the Societies level, the Union shall outsource the services of the experts to constitute the Council.
- (iii) The Shariah Supervisory Council shall, among other things, perform the following functions:
- (a) Examine the transactions of the Union and present its views on their Shariah compliance.
  - (b) Authenticate every new financial product approved by the Shariah supervisory committee of the societies before they are introduced to the market
  - (c) Resolved any Shariah related dispute of the societies.
  - (d) Approve the appointment of members of the Shariah Supervisory committees of the



societies.

(e) Conduct periodic examination of the activities of the Shariah supervisory committees of the societies.

(f) Sanction any erring member of the Shariah supervisory committees

(g) Upon request, perform the functions of the Shariah Supervisory Committees of any Society of the Union which does not have one.

(h) Convene periodic meeting and any other interactions between itself and the Shariah supervisory Committees of all the Societies of the union.

**B. RESPONSIBILITIES OF THE UNION**

(a) The union shall meet at least once in a month

(b) Decisions taken by the Union supersede those taken by the general house of each society

(c) There shall be a contribution to the union by each society every month.

(d) There shall be a trustee for the union

(e) The union shall consist of the management committee of each society but subject to review as situation demands.

(f) There shall be a minimum saving of ₦20, 000 monthly by each group and ₦ 2,000 each as Development Levy

(g) There shall be facility for interest-free loan not exceeding 200% of the thrift saving of each society.

(h) A flat rate service charge for loan shall be imposed.

(i) Loan repayment shall be within 12 calendar months but subject to review.

(j) Default in monthly repayment of loan shall attract penalty commensurate to the loss incurred by the union as a result of the default.

(k) The society's Thrift savings may be utilized to offset any unpaid balance of loan.

**(III) SOURCE OF FUNDS**

The funds of the Union shall be made up of the following:-

(1) Registration fee.

(2) Stationery Levy of ₦2, 000 per annum

(3) Building Levy of ₦2, 000 per annum, subject to review

(4) Monthly subscription of ₦2, 000, subject to review

(5) Society's Thrift savings

(6) Annum Due/Development Levy of ₦2, 000 payable in Muharam of every year

(7) Any special Levy as may be deemed fit by the Union with the agreement of majority of all the societies.

**(IV) QUORUM**

The Quorum for the Union's shall, in the meantime, be not less than 1/3 of the whole committee members (Union), reflecting the societies and subject to review as the number of societies increase.

**(V) ELECTION**

- (a) All election to the Union shall follow the Shurah procedure prescribed by this Bye-law.
- (b) No official shall hold an office for more than 2 terms of 2 year consecutively.

**(VI) DISCIPLINE**

Power is vested on the union to instill discipline on any society and each society shall instill discipline on its members.

**(VII) SAVING CLAUSE**

Nothing in this Bye-Law shall invalidate any of the proceedings, decisions or acts done by any affiliated society before Bye-Laws takes effect.

**15.4 SEAL**

The secretary shall hold in safe custody the seal of the society on behalf of the trustees, the seal shall be of a pattern approved by the register. Documents shall be at least by two of the trustees one of whom must be the secretary.

**15.5 AMENDMENT OF THE BYE-LAWS**

Any amendment of or addition to these bye-laws shall be made by not less than 2/3 majority of the members at the general meeting of the society in which amendment is to be made in accordance with the regulations and such amendments or additions shall not be valid until they are vetted by the Shariah council for its Shariah compliance and registered by the registrar. At least 14 days' notice of such meeting must have been given to all members.

## CHAPTER SIXTEEN

### 16.0 CERTIFICATE AND FORMS

- (1) Certification
- (2) Application/membership form
- (3) Regular loan form (upper basic loan)
- (4) Additional loan form (Advanced loan)
- (5) Special/ Emergency loan form (Lower basic loan-Basiri)
- (6) Commodity loan form (Marketing)
- (7) Claims certificate form

**16.1** This bye-law may be cited as the Bye Laws of Kwara State Interest- free Thrift and Credit Multi-Purpose Cooperative societies.

**16.2** This Bye law shall come into force one month from the date of its registration by the registrar of cooperative at the Ministry of commerce and industry, Kwara state.

Signed into law this ----- day of ----- 2023

\_\_\_\_\_  
Chairman Drafting Committee

\_\_\_\_\_  
Chairman Shariah Committee

### FIRST SCHEDULE

S.1.2 (xiii)

The following are occasions when Mudarib (entrepreneur) could be liable for the loss incurred in the course of business transaction.

- (1) Negligence in the preservation of the capital that results in its loss or damage.
- (2) Mismanagement of the capital by deliberately disposing in unproductive venture such as loaning it to a third party, giving it out as gift or alms, etc.
- (3) Transferring the capital to another entrepreneur without the consent of the capital provider.
- (4) Mixing up his personal or another person's property with the capital without prior agreement to such between him and the capital provider.
- (5) Buying good which such price is more than the amount of the total capital and it profit.
- (6) Deceit and lack of honesty in the business contract.
- (7) Violation of agreement or conditions ratified by the two parties on the contract which are not of prohibited nature. Such conditions include:
  - (i) Specification of a particular venture in the entrepreneur should deal.
  - (ii) Specification of a particular venture place for the business/venture.
- (8) Negligence in performing the duty that would guarantee the increase of the capital for the realization of profit such as:
  - (i) Investing the capital recklessly without necessary empirical study; or
  - (ii) In the case of bank acting as a *Mudarib*, the inability of such bank to have necessary data about its customers and other technical or economic prerequisite amounts to negligence.