

THE SITUATION WITH THE FINANCES OF ZERO INTEREST

There have been spurious information going around to the effect that the Executive Council of Zero Interest have diverted the funds of members into white elephant projects. We wish to state as follows:

INVESTMENT IN THE SHARES OF ZERO INTEREST: At the OGM of May, 2017 members resolved that a minimum sum of ₦12,500.00 be invested by all members of Zero Interest to purchase shares of the Cooperative. This is to enable the Management to invest funds in profit generating activities in order to be able to pay dividends to members. The plan of the Executive Council on the management of Zero Interest shares is to create a special account where the funds would be domiciled. From that account funds would be moved for investment in viable businesses and accrued profit would be paid into a special profit account to hold the funds until decisions on profit sharing and dividends are made. At present, the deduction is only on paper. The funds are yet to be moved into a dedicated account for that purpose.

ZERO INTEREST SHARES AND UNILORIN HOSTEL: Investment in Zero Interest shares was not the funds used for UNILORIN Hostel. The investment in the project was a business decision taken by the Executive which is completely independent of the Zero Interest share purchase programme. Being the original promoter of the idea and a leading player among the Islamic Cooperative Societies we took a decision to invest in the project to benefit from its remarkable soundness and profitability. However, this decision came well ahead of the resolution of members to invest in shares and hence the funds used were taken from the pool of funds management had been using to finance other investments.

ZERO INTEREST AND OTHER BUSINESS VENTURES: As a Multipurpose Cooperative Society, part of our objective is to go into project financing and direct businesses. This informed our investment in lands, buildings, asset acquisition financing as well as travel and tours. The natural consequence of our involvement in business is that we were able to acquire, and allocate up to 525 plots of land, built 20 houses and taken people on pilgrimages to hajj and umrah. Our involvement in the UNILORIN Hostel project is one of such bold steps. We are convinced that this project is viable as it would return 200% of our investment and it has the potential to also create additional funds that would be available for reinvestment in the future. The Executive Council has a pool of funds for investment and the profit is regularly reinvested to ensure the pool continues to grow. This is where the Cooperatives operations are financed. Of course as part of business, we have made losses and burnt our fingers a few times.

REDUCTION IN PARTWITHDRAWAL PERCENTAGE:

Partwithdrawal is a special service being rendered to members. It should be noted that this is frowned out by the supervising Ministry because the purpose of a Cooperative is to encourage savings among members. In the recent past, the monthly request for Partwithdrawal has reached worrisome level thereby putting additional pressure on the management's ability to satisfy loan request. Instead of outright stoppage of the service, Management decided to reduce the percentage from 70% to 20%. This decision was duly communicated through SMS and other channels before it was implemented.

THE SPIRIT OF COOPERATIVE: ONE FOR ALL, ALL FOR ONE:

When a member takes double his/her savings as loan, especially without interest or administrative charge, the implication is that the debtor is in custody of the contribution of other cooperators who must await his settlement of the loan before they can in turn be granted double their savings as loan. In cooperative movement the principle has been summarized as **ONE FOR ALL, ALL FOR ONE**. Esteemed members of Zero Interest should bear in mind that unlike other cooperatives that charge 10% on total value of loan granted, our Cooperative charges **Zero Interest** on loans. To sustain operations, compensate members of staff and meet other statutory financial commitments, the Executive Council has to go the extra mile to generate funds from procurements, asset financing, provision of services etc. However, once in a while we have humongous request for loans, Partwithdrawal, withdrawal from Target Savings etc that requires us to queue up these requests. From experience, this happens twice a year and we have internal mechanisms to manage the situation. Settlement are then scheduled as funds become available through repayment of loans, monthly deductions from Government sources and monthly cash payments by cash members. Unfortunately, this time around, just like other cooperative societies, we have had serious delay in receiving monthly deduction from Government sources thereby compounding the already tough financial situation. We are doing our best and hope that expected funds from Government sources would be released soon.

2016 AUDITED ACCOUNT

The audited account of 2016 as approved by the supervising ministry is available to the public. All interested members are encouraged to access it through our website or various social media platform like facebook, twitter, whatsapp etc. We wish to add that since its creation, Zero Interest Cooperative has not failed to submit and secured approval for its audited reports at the Ministry. We have always presented the reports to our members at either the OGM or the AGM.

Akerele Kehinde
For the Management